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ECONOMIC INDICATORS

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GEOTHERMAL POWER IN HAWAII

Development of geothermal power as a method of reducing Hawaii's dependence on imported foreign oil has long been a dream of scientists. Geothermal energy in Hawaii is produced through the release of superheated steam from volcanically heated groundwater. Electricity results from the piping of the steam through turbine generators. Conservative estimates are that the Big Island alone is capable of generating over 1,000 megawatts of energy. Since the average power consumption of the entire state is roughly 800 megawatts, it follows that the potential for energy independence is an attainable goal worthy of pursuit.

Research on geothermal energy began 26 years ago when four privately financed wells were drilled along the east rift zone of Kilauea Volcano on the Big Island. The first operational geothermal plant, named the Hawaii Geothermal Project Well-A (HGP-A) in honor of the late Dr. Agatin Abbott, was completed in 1981. The facility is currently supplying 3 megawatts of energy to Hawaii Electric Light Company (HELCO), which has been operating the facility since 1982. The first successful private effort began as a joint venture between Thermal Power Co. and Amfac. Known as the Puna Geothermal Venture, their objective was to construct a 25-megawatt geothermal power plant, which would supply roughly 25 percent of peak power demand on the Big Island. Under an agreement with HELCO, 12.5 megawatts will be delivered by the end of 1989 and the remainder by the end of 1993.

Geothermal development has also begun on Maui, where True/Mid-Pacific Geothermal Venture has acquired a lease on land along the southwest Haleakala rift zone to begin exploratory development.

True/Mid-Pacific Geothermal Venture has also received a permit to explore, develop, and market up to 100 megawatts of geothermal power on 9,000 acres of land owned by Campbell Estate in the Kilauea middle east rift zone on the Big Island. According to the company, the area has the potential for developing 400 megawatts of power, and the ability to develop this resource is well within the capabilities of the company.

The transmission of this power to Oahu will depend on the development of a deep-water transmission cable between Oahu and the Big Island. The estimated cost of the cable is $450 million; a feasibility study, expected to be completed in 1990, is being conducted by Hawaiian Electric Co. In the meantime, a state advisory board has been formed to examine developmental issues that a deep-water cable would provoke, such as financing the project and organizing its implementation. True/Mid-Pacific is optimistic about the future and feels that geothermal power can begin to flow to Oahu by 1995.

One of the problems associated with geothermal energy is the high development cost. Drilling a production well is estimated to cost $2-3 million, and it may take several attempts to hit a pocket of superheated groundwater sufficient to create a producing well. For a 25-megawatt plant, exploration and field development costs alone, may exceed $3 million, and the plant itself would cost roughly $60 million. On that basis, geothermal electricity would cost roughly 6.5 to 7 cents per kilowatt hour. That is higher than it takes to produce electricity on Oahu through the use of conventional oil-burning generators.

The higher cost of geothermal energy places it at a disadvantage compared to conventionally-produced energy. On the other hand, public-utility companies are under no legal obligation to buy power produced by private companies. Nor are they under any obligation to support the development of alternate energy sources. Utility companies are, thus, often unwilling to commit the large sums of money required to start a geothermal venture and the roughly 5 years needed to develop a facility unless it has a contract to supply a specific amount of electricity at a designated time. Thus, the uncertainties of world oil prices, market demand for energy, geothermal energy-development costs, and the reluctance of utility companies to commit themselves to advance energy-development contracts create further difficulties and risks for alternate-energy companies.

Other questions remain concerning the reliability and longevity of geothermal steam wells. Many feel that environmental issues have yet to be adequately addressed. Much will depend on the results of the 25-megawatt pilot plant now being developed by Thermal Power Co.

In summary, the potential for geothermal energy is now entering the critical stage of commercialization after 26 years of research and development. The future of alternate energy in Hawaii depends crucially on the success of current developmental efforts and the implementation of the deep-water transmission cable. There is no question that geothermal energy will play an increasingly valuable role in Hawaii's economic and energy future; the benefits from investing in its development and support will provide both energy independence, as well as strong and lasting economic returns to the State of Hawaii.

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SEPTEMBER/OCTOBER FEATURE STORY: HAWAII'S FLORICULTURE INDUSTRY

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CURRENT BUSINESS TRENDS

Hawaii's economy continued to exhibit robust growth in June. Gross business receipts for the state came to $2.4 billion, up 5 percent from June 1986. Even with slowdowns in Hawaii's two largest sectors, tourism and construction, total gross business receipts for 1987 were 12 percent ahead of last year. County figures through June also reveal that growth is occurring on all the islands. The Big Island economy is surging ahead by 20 percent. Oahu has seen 13-percent growth, while Maui and Kauai have experienced more moderate growth rates of 4 and 3 percent, respectively.

The continued decline in the unemployment rate is further evidence of Hawaii's energetic economy. The cumulative state average, through July, of 4.1 percent was a tenth of a percent lower than the June average, and 20 percent lower than what it was a year ago. If this trend continues through the second half of the year, 1987 will have the lowest unemployment rate so far this decade. Oahu's unemployment rate, as of July, was the lowest in the state at 3.7 percent, down 18 percent from last year. Kauai and Maui were next, each with a 4.5 percent cumulative average unemployment rate, 34 and 21 percent better than last year. Hawaii had the highest unemplcyment rate in the state at 6.5 percent, 21 percent lower than last year.

This encouraging performance by the economy comes as somewhat of a surprise when Hawaii's number one sector is examined. The visitor industry is not having a bad year in 1987, but it pales before the success of 1986. As of July, 3.3 million overnight-and-longer visitors have come to the islands,0.4 percent more than the same period last year. The westbound visitor count has lagged be-

u. s. economic indicators

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
GROSS NATIONAL PRODUCT**					
In Current Dollars	bil. $	2nd Qtr.	4,448 r	1.6	5.6
In 1982 Dollars	bil. $	2nd Qtr.	3,794 r	0.6	2.4
PERSONAL INCOME**	bil. $	July	3,738p	0.4	5.6
INTEREST RATES					
AVERAGE PRIME RATE	percent	August	8.25	0.0	4.4
CONSTRUCTION					
CONSTRUCTION PUT IN PLACE**	bil. $	June	392.4 r	−1.3	5.6
CONSTRUCTION COST INDEXES					
Residences	1967 = 100	May	381.5	0.3'	2.3
Apts., Hotels, Office Bldgs.	1967 = 100	May	379.4	0.3'	2.3
EMPLOYMENT					
CIVILIAN EMPLOYMENT*	thous.	July	112,727	0.4	2.6
UNEMPLOYMENT*	thous.	July	7,224	−0.5	−12.2
UNEMPLOYMENT RATE*	percent	July	5.9	−1.7	−14.5
PRICES					
CONSUMER PRICE INDEXES					
Wage Earners and Clerical Workers	1967 = 100	July	335.6	0.2	3.9
All Urban Consumers	1967 = 100	July	340.8	0.2	3.9
PRODUCER PRICE INDEXES					
Finished Goods*	1967 = 100	July	297.4p	0.2	3.6
All Commodities	1967 = 100	February	308.5p	0.4	3.2

r = revised.
p = preliminary.
'Compared to March, 1987.
*Seasonally adjusted.
**Seasonally adjusted at annual rates.

business activity in hawaii

BUSINESS SALES					
GROSS BUSINESS RECEIPTS					
STATE	mil. $	Jan.-June	14,818.3	.....	12.4
Oahu	mil. $	Jan.-June	12,444.2	.....	12.9
Maui County	mil. $	Jan.-June	984.5	.....	3.5
Hawaii	mil. $	Jan.-June	1,008.9	.....	19.6
Kauai	mil. $	Jan.-June	380.7	.....	2.9
DIVERSIFIED MANUFACTURING	mil. $	Jan.-June	304.4	.....	7.7
DIVERSIFIED AGRICULTURE	mil. $	Jan.-June	140.2	.....	11.0
RETAILING	mil. $	Jan.-June	5,218.8	.....	7.4
WHOLESALING	mil. $	Jan.-June	3,619.4	.....	16.2
SERVICES	mil. $	Jan.-June	3,624.8	.....	12.9
OAHU NEW CAR SALES	number	Jan.-June	18,185p	.....	−5.0
HONOLULU PRICES					
HONOLULU CONSUMER PRICE INDEX					
Wage Earners and Clerical Workers	1967 = 100	July	320.8e	0.1	4.4
All Urban Consumers	1967 = 100	July	313.5e	0.1	4.4
TOURISM					
VISITOR EXPENDITURES	mil. $	1986	5,550p	.....	13.3
OVERNIGHT OR LONGER VISITORS	number	July	524,950p	1.2	2.1
	number	Jan.-July	3,341,990p	.....	0.4
Westbound	number	July	374,890p	1.4	−3.8
	number	Jan.-July	2,464,560p	.....	−4.0
Eastbound	number	July	150,060p	15.7	0.7
	number	Jan.-July	877,430p	.....	15.1
AVERAGE DAILY VISITOR CENSUS	number	Jan.-July	119,890p	.....	−2.2
AVERAGE LENGTH OF STAY	no. of days	Jan.-July	10.2p	.....	0.0
MEETING ATTENDANCE	number	July	14,565	.....	−10.3
ORGANIZED GROUP TOURS	number	Jan.-July	451,930p	.....	−15.5
VISITOR COUNT BY COUNTY'					
Oahu	number	July	290,420p	1.2	−4.3
	number	Jan.-July	1,804,670p	.....	−5.1
Maui County	number	July	167,190p	1.2	−7.2
	number	Jan.-July	1,123,070p	.....	−7.4
Hawaii	number	July	62,900p	−5.3	−8.8
	number	Jan.-July	474,830p	.....	1.8
Kauai	number	July	93,350p	2.9	−1.1
	number	Jan.-July	606,910p	.....	1.0

p = preliminary.
e = estimated.
'Estimated Westbound.

business activity in hawaii [cont.]

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
VISITOR ACCOMMODATIONS:					
STATE	number	Feb., 1987	65,318	.....	−1.5
Oahu	number	Feb., 1987	38,815	.....	−0.5
Waikiki	number	Feb., 1987	34,014	.....	−1.8
Maui (Island)	number	Feb., 1987	13,264	.....	−1.4
Molokai	number	Feb., 1987	575	.....	−9.4
Lanai	number	Feb., 1987	10	.....	0.0
Hawaii	number	Feb., 1987	7,328	.....	0.7
Kauai	number	Feb., 1987	5,956	.....	0.6
HOTEL OCCUPANCY					
STATE	percent	July	83.2p	6.1	1.2
		Jan.-July	82.4p	.....	−1.6
Oahu	percent	July	90.6p	4.0	3.2
		Jan.-July	87.9p	.....	0.1
Maui (Island)	percent	July	72.6p	5.4	−12.6
		Jan.-July	77.2p	.....	−10.3
Hawaii	percent	July	57.4p	21.1	0.5
		Jan.-July	62.9p	.....	−1.3
Kauai	percent	July	78.4p	11.2	3.7
		Jan.-July	76.0p	.....	−3.2
DEFENSE EXPENDITURES					
APPROPRIATED FUNDS TOTAL	mil. $	Yr. to 2nd Qtr.	949.5	.....	0.1
Military Payroll	mil. $	Yr. to 2nd Qtr.	430.2	.....	4.5
Civilian Payroll	mil. $	Yr. to 2nd Qtr.	296.5	.....	−4.2
Local Purchases	mil. $	Yr. to 2nd Qtr.	222.8	.....	−2.0
SUGAR					
VALUE OF CROP SALES					
(Unprocessed Cane)	mil. $	1985	222.4	.....	−13.2
SUGAR PRODUCTION	thous. tons	Jan.-June	417.3	.....	−10.0
AVERAGE N. Y. RAW SUGAR PRICE	$/ton	Jan.-July	437.0	.....	4.9
PINEAPPLE					
VALUE OF CROP SALES					
(Fresh Equivalent)	thous. $	1985	90.5	.....	0.7
SHIPMENTS: FRESH	thous. lbs.	Jan.-July	139,905	.....	−0.7
DIVERSIFIED AGRICULTURE					
CROPS	thous. $	1985	132,126	.....	12.6
FLOWERS & NURSERY PRODUCTS	thous. $	1985	44,274	.....	13.8
Anthurium Outshipments[1]	th. dozens	Jan.-June	714.3	.....	−10.2
Potted Foliage Plants	thous. $	1985	12,019	.....	19.6
FRUITS & NUTS	thous. $	1985	43,244	.....	9.7
Papaya Sales	th. lbs.	Jan.-July	28,915	.....	−1.1
Average Farm Price	cents/lb.	July	19.0	−9.5	−6.9
Macadamia Nut Sales (in shell)	th. lbs.	1986	44,000	.....	4.8
Average Farm Price	cents/lb.	1986	80.0	.....	10.3
VEGETABLES AND MELONS[2]	th. lbs.	Jan.-July	41,580	.....	−0.4
LIVESTOCK	thous. $	1985	82,821	.....	−4.8
BEEF PRODUCTION (Dressed Wt.)	th. lbs.	Jan.-June	16,709	.....	3.2
Average Farm Price (Feedlot Beef)	cents/lb.	June	90.0	−1.6	16.9
HOG PRODUCTION (Dressed Wt.)	th. lbs.	Jan.-July	3,733	.....	4.3
Average Farm Price	cents/lb.	July	102.5	−1.0	−0.5
MILK PRODUCTION	mil. lbs.	Jan.-June	81.9	.....	2.1
Average Price Sold to Plants	$/100 lbs.	June	19.14	−3.0	2.1
EGG PRODUCTION	mil.	Jan.-July	131.4	.....	−1.6
Average Farm Price	cents/doz.	July	79.5	−2.5	3.9
PUBLIC UTILITIES					
ELECTRICITY GENERATED	mil. kwh.	Jan.-July	4,336.0	.....	2.3
GAS SALES	th. therms.	Jan.-July	29,776	.....	3.6
TELEPHONE LINES IN SERVICE	thous.	Jan.-July	490.6	.....	4.6

p = preliminary.
[1]From Hawaii County.
[2]Includes snap beans, cabbage, celery, sweet corn, cucumbers, onions, green peppers, tomatoes, and watermelons.

hind the 1986 count for most of the year, and July did nothing to change that trend. The cumulative total of 2.5 million westbound visitors for the first seven months of 1987 is 4 percent less than what it was in 1986. The eastbound visitor count, on the other hand, increased in 1987. The cumulative total has experienced double-digit growth all year. The seven month total of 877,430 is 15 percent higher than that in 1986.

Hotel occupancies are slightly below those of last year for the state, and most of the counties. As of July, hotels were 2 percent less full this year than in 1986. Oahu hotels were about as full with the occupancy rate for the first seven months only 0.1 percent off from the 1986 level. Hawaii and Kauai had more empty rooms this year with their occupancy rate down one and 3 percent, respectively. Maui hotels, boasting the highest room rates in the state, have suffered the largest decrease in occupancy this year. Cumulative figures through July show hotel occupancy down 10 percent from last year.

Construction is maintaining a healthy rate of growth in 1987. Construction-put-in-place figures for the first six months show that construction statewide had risen by 19 percent. Big Island construction increased by 29 percent over the same period last year. Oahu was second with an 18 percent upswing. Kauai and Maui enjoyed advances of 15 and 13 percent, respectively.

The real estate market is continuing its boom over 1986. Housing resales in both the single-family and condominium categories are showing impressive gains over last year in both number of units sold and average price. The resale of single-family units during the first seven months of 1987 was up 34 percent over 1986. The average price for units sold during that time has gone up from $182,345 in 1986 to $234,683 in 1987, a difference of 29 percent. In the condominium market, 1,128, or 52 percent more units have been sold between January and July of this year than in 1986. The average price has gone up by 15 percent from $110,110 to $126,637.

Agricultural crops continue to have a slow year in 1987. Sugar, which was doing well earlier in the year, experienced a 10-percent decrease in production in June, its second monthly decline. Similarly, cumulative anthurium outshipments were down by 10 percent. Total papaya sales and vegetable and melon production through July were depressed by one and 0.4 percent respectively.

HAWAII'S FLORICULTURE INDUSTRY

Sugar and pineapple have dominated Hawaiian agriculture for so long that few people realize there are other agricultural products being grown in the islands. In spite of a few exceptions, like Maui Onions and Kona Coffee, for the most part diversified agricultural products go unnoticed. However, Hawaii's moderate climate and fertile soil make it an ideal place to grow a variety of vegetables, fruits, and especially exotic flowers and plants. Indeed, the floriculture segment of the diversified agriculture market has bloomed into big business.

A variety of flowers and potted plants are produced in the islands. They run from the familiar dendrobium orchid to exotic protea. Popular flowers include roses, chrysanthemums, bird of paradise, ginger, poinsettias, and heliconia. Potted foliage plants of all types are also in demand.

In 1986, Hawaii ranked eleventh in total wholesale value of floricultural crops in the nation. In total foliage wholesale value, Hawaii was fifth. In the cut flower market Hawaii was the fourth largest producer in the country.

Locally, in terms of value of production, flowers and nursery products have ranked first among diversified agricultural crops for the last five years. In 1986, the last year for which data are available for diversified agriculture, the total value of production came to $49 million for the floriculture industry. That easily outdistanced crops such as coffee ($9 million) and macadamia nuts ($35 million). From 1971 to 1985 the floriculture industry grew at an average annual rate of 17 percent.

This growth continued through 1986 with sales increasing 11 percent to $49 million. Hawaii county contributed $22.8 million of that total, up 16 percent from 1985. The City and County of Honolulu received $20 million from the sale of floricultural products in 1986, up 10 percent from the year before. Maui and Kauai growers fared less well. Receipts for Maui came to $5.2 million in 1986, the same as the 1985 sales figure. Kauai suffered an 8-percent decrease in total sales from $1.2 million in 1985 to $1.1 million in 1986.

A breakdown of the 1986 figure shows that foliage and potted plants were the biggest money-makers earning 37 percent of the total. Sales increased by 9 percent from $16.5 million in 1985 to $17.9 million in 1986. This segment of the industry has grown steadily in five of the last six years.

Oahu was the major foliage producer

business activity in hawaii [cont.]

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
CONSTRUCTION PUT IN PLACE					
STATE	thous. $	Jan.-June	1,039,394	.....	18.5
Oahu	thous. $	Jan.-June	901,098	.....	18.3
Maui County	thous. $	Jan.-June	52,974	.....	13.0
Hawaii	thous. $	Jan.-June	62,341	.....	28.7
Kauai	thous. $	Jan.-June	22,981	.....	15.2
HONOLULU CONSTRUCTION COST INDEXES					
SINGLE FAMILY	1967 = 100	August	381.7	2.0	2.8
HIGH-RISE	1967 = 100	August	392.3	0.8	1.2
PRIVATE PERMITS AUTHORIZED					
STATE: RESIDENTIAL	thous. $	Jan.-June	352,029	.....	33.4
Single Family Units	number	Jan.-June	3,287	.....	60.6
Multiple Family Units	number	Jan.-June	826	.....	−49.9
NONRESIDENTIAL	thous. $	Jan.-June	161,111	.....	−21.2
OAHU: RESIDENTIAL	thous. $	Jan.-July	244,479	.....	22.4
Single Family Units	number	Jan.-July	1,705	.....	51.8
Multiple Family Units	number	Jan.-July	291	.....	−82.3
NONRESIDENTIAL	thous. $	Jan.-July	120,559	.....	−4.4
MAUI CO.: RESIDENTIAL	thous. $	Jan.-June	59,750	.....	38.3
Single Family Units	number	Jan.-June	615	.....	42.0
Multiple Family Units	number	Jan.-June	454	.....	567.6
NONRESIDENTIAL	thous. $	Jan.-June	21,698	.....	8.7
HAWAII: RESIDENTIAL	thous. $	Jan.-July	52,994	.....	35.1
Single Family Units	number	Jan.-July	773	.....	17.7
Multiple Family Units	number	Jan.-July	10	.....	−16.7
NONRESIDENTIAL	thous. $	Jan.-July	20,412	.....	−85.8
KAUAI: RESIDENTIAL	thous. $	Jan.-July	36,591	.....	56.4
Single Family Units	number	Jan.-July	349	.....	51.1
Multiple Family Units	number	Jan.-July	3	.....	—
NONRESIDENTIAL	thous. $	Jan.-July	29,843	.....	−28.1
PUBLIC CONTRACTS AWARDED					
TOTAL GOVERNMENT PROJECTS:					
STATE	thous. $	Jan.-Aug.	251,265	.....	−19.1
Oahu	thous. $	Jan.-Aug.	191,833	.....	−20.4
Maui County	thous. $	Jan.-Aug.	17,416	.....	−49.6
Hawaii	thous. $	Jan.-Aug.	23,871	.....	4.9
Kauai	thous. $	Jan.-Aug.	18,146	.....	46.5
BY LEVEL OF GOVERNMENT:					
Federal	thous. $	Jan.-Aug.	57,477	.....	39.9
State	thous. $	Jan.-Aug.	113,976	.....	−33.3
County	thous. $	Jan.-Aug.	79,901	.....	−19.1
REAL ESTATE RESALES					
STATE: Single Family	number	Jan.-July	2,300	.....	34.2
Average Price	dollars	Jan.-July	234,683	.....	28.7
Condominium	number	Jan.-July	3,307	.....	51.8
Average Price	dollars	Jan.-July	126,637	.....	15.0
OAHU: Single Family	number	Jan.-July	1,579	.....	38.0
Average Price	dollars	Jan.-July	273,849	.....	32.8
Condominium	number	Jan.-July	2,554	.....	54.7
Average Price	dollars	Jan.-July	123,571	.....	18.0
MAUI CO.: Single Family	number	Jan.-July	283	.....	29.2
Average Price	dollars	Jan.-July	191,852	.....	11.0
Condominium	number	Jan.-July	528	.....	47.9
Average Price	dollars	Jan.-July	142,893	.....	−0.1
HAWAII: Single Family	number	Jan.-July	341	.....	24.0
Average Price	dollars	Jan.-July	114,227	.....	13.6
Condominium	number	Jan.-July	111	.....	42.3
Average Price	dollars	Jan.-July	138,737	.....	53.3
KAUAI: Single Family	number	Jan.-July	101	.....	32.9
Average Price	dollars	Jan.-July	139,766	.....	−4.5
Condominium	number	Jan.-July	114	.....	22.6
Average Price	dollars	Jan.-July	122,969	.....	28.1

n.a. = not available

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population in hawaii

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
POPULATION					
STATE:					
Total De Facto Population	thous.	July 1, 1986	1,178.8p	.....	2.3
Total Resident Population	thous.	July 1, 1986	1,062.3p	.....	0.8
OAHU:					
Total De Facto Population	thous.	July 1, 1986	877.3p	.....	1.4
Total Resident Population	thous.	July 1, 1986	816.7p	.....	0.7
MAUI COUNTY:					
Total De Facto Population	thous.	July 1, 1986	110.0p	.....	−4.8
Total Resident Population	thous.	July 1, 1986	87.6p	.....	2.7
HAWAII:					
Total De Facto Population	thous.	July 1, 1986	120.0p	.....	3.6
Total Resident Population	thous.	July 1, 1986	111.8p	.....	2.4
KAUAI:					
Total De Facto Population	thous.	July 1, 1986	60.3p	.....	8.5
Total Resident Population	thous.	July 1, 1986	46.4p	.....	3.6
CIVILIAN RESIDENT POPULATION:					
STATE	thous.	July 1, 1986	1,004.2p	.....	0.7
MILITARY PERSONNEL:					
STATE	number	July 1, 1986	58,584	.....	1.0
Ashore	number	July 1, 1986	53,616	.....	−0.4
Afloat	number	July 1, 1986	4,968	.....	19.5
CIVILIAN MILITARY DEPENDENTS	number	July 1, 1986	66,210	.....	3.0
FOREIGN IMMIGRATION[1]	number	Jan.-Aug.	3,867	.....	−1.6

p = preliminary.
[1]Includes only those entering Honolulu ports and does not include status changes.

income in hawaii

INCOME					
TOTAL PERSONAL INCOME**	mil. $	1st Qtr.	16,158p	1.3	5.8
EMPLOYMENT INCOME[1]	mil. $	1st Qtr.	12,438p	1.2	7.0
Manufacturing	mil. $	1st Qtr.	548p	−1.1	3.2
Construction & Mining	mil. $	1st Qtr.	992p	0.7	29.2
Wholesale	mil. $	1st Qtr.	472p	0.2	4.7
Retail	mil. $	1st Qtr.	1,360p	1.3	5.0
Finance, Ins., & Real Estate	mil. $	1st Qtr.	922p	1.7	15.1
Trans., Comm., & Util.	mil. $	1st Qtr.	1,022p	2.2	9.1
Services	mil. $	1st Qtr.	3,067p	2.0	7.8
Farm & Other	mil. $	1st Qtr.	281p	−15.1	−36.3
Federal Civilian	mil. $	1st Qtr.	1,009p	1.7	3.9
Federal Military	mil. $	1st Qtr.	1,393p	2.3	3.4
State & Local	mil. $	1st Qtr.	1,373p	2.5	11.0
PROPERTY INCOME (Dividends, Interest, & Rent)	mil. $	1st Qtr.	2,271p	1.9	1.7
TRANSFER PAYMENTS (2,285) minus Personal Contributions for Social Insurance (835)	mil. $	1st Qtr.	1,450p	1.3	2.6
PER CAPITA PERSONAL INCOME:					
STATE	dollars	1986	14,691p	.....	6.1
Oahu	dollars	1984	13,709p	.....	5.7
Maui County	dollars	1984	11,611p	.....	5.9
Hawaii	dollars	1984	9,998p	.....	5.2
Kauai	dollars	1984	10,564p	.....	6.9

**Total personal income and all components are seasonally adjusted at annual rates.
[1]Includes wage and salary disbursements, proprietors' income, and other labor income.
p = preliminary.

AWAIIAN BANK

in the state in 1986 with about $7 million in sales. The Big Island was second. Farms in the Kohala, Hilo, and Pahoa areas produced about $6 million worth of cut and potted foliage.

The next largest category in the floriculture industry is cut flowers, which, at $15.6 million in sales value, comprised 32 percent of the industry total for 1986. Anthuriums make up the lion's share of total cut flower sales, and made up 63 percent of total sales in 1986. Anthurium production has been increasing over the last ten years with an average annual growth rate of 16 percent. As with foliage products, export demand dominates the anthurium market. Other common flowers including chrysanthemums and roses had declining sales in 1986.

More exotic flowers, like bird of paradise are experiencing an upsurge in demand abroad as tastes turn to these more fascinating varieties. Protea growers, who are benefitting from the federal-government ban on South African protea products, are also doing well.

Cut flowers are grown all over the state. The Big Island produces and sells 98 percent of the anthuriums in the state, while Maui is the leader in protea cultivation. In 1986, Maui produced 95 percent of the state's protea. Oahu is the major grower of chrysanthemums, producing at least six times more than any other island.

Orchids continue to be one of Hawaii's most popular floricultural products. In 1985, orchid sales of $5.3 million were almost six times what they were 10 years ago. During that time, growers enjoyed a 21-percent annual sales growth rate. This continued in 1986 with an 11-percent increase over 1985. Record sales of dendrobium orchids, along with sales of other strains, added up to $5.9 million in 1986. Oahu and the Big Island produced the majority of orchids sold.

Export demand accounts for a large portion of floriculture sales. In 1986, total out-of-state sales amounted to $28 million or 57 percent of the total $49 million in sales. Foliage sales abroad accounted for two-thirds of total foliage sales in 1986. Eighty-eight percent of the anthuriums grown in Hawaii were exported especially to the Mainland, Japan, and Italy. Over half of the dendrobiums sold are to buyers from out-of-state. On the mainland, Hawaii's flowers are showing up in hotels, restaurants, offices, and private homes.

A general increase in demand for upscale items is one reason for this growing demand in floricultural products. As incomes have risen, both locally and

abroad (6 percent in Hawaii and 3 percent nationwide for the first quarter of 1987), demand for exotic plants has followed suit.

Tremendous growth for Hawaii's floriculture industry is possible given this pattern of increased demand. There are many areas that have yet to be penetrated by Hawaiian growers. The cut flower industry, for example, brings in $5 billion a year worldwide, and Hawaii has less than one percent of the market. Mainland consumers, in most markets, have been willing to pay higher prices for Hawaii's flowers and potted plants. Supply has a difficult time keeping up with demand right here in Hawaii. There have been instances when carnations have had to be imported from California and Israel to satisfy excess demand not met by local growers. Despite these opportunities for expansion, the number of farms in the state has declined from 680 in 1983 to 590 in 1986. Acreage in 1985 was greater than that in 1984, but was still less than the area used for floriculture and nursery products in 1983.

This lack of growth can be blamed on a number of local factors. The cost of land in Hawaii is one hinderance to further increases in production. While floriculture is not as land intensive as sugar or pineapple, high land prices have deterred farmers from expanding existing farms. Competing uses for the land have also put pressure on some farmers to reduce their operations. Capital costs have had their impact on output. Some growers either don't have the money or don't want to invest it in greenhouses, land preparation, and other improvements to increase productivity.

Getting the product to market has always been tricky. Floricultural products can only be delivered by air to insure freshness. Before the advent of jet cargo service, it was impossible to sell these products overseas. The cost of this method was prohibitive in the beginning, but now that airfreight rates have become more reasonable, transportation has become less of a problem.

Marketing Hawaii's products has also proven difficult. There is no industry-wide cooperative for the promotion of Hawaiian flowers and potted plants. Several product-specific cooperatives have been formed and have been quite successful. The Hawaii Protea Cooperative located in Kula, Maui has worked hard at marketing their product around the world, while trying to improve productivity by organizing the dissemination of seedlings and insecticides here at home. The Hawaii Anthurium Industry

employment and jobs in hawaii

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
EMPLOYMENT					
STATE					
Civilian Labor Force	thous.	July	510.6p	0.3	3.2
Employment	thous.	July	490.4p	0.7	4.3
Unemployment	thous.	July	20.3p	−8.1	−18.5
Unemployment Rate	percent	July	4.0p	−7.0	−20.0
OAHU					
Civilian Labor Force	thous.	July	382.8p	0.1	3.5
Employment	thous.	July	369.1p	0.4	4.5
Unemployment	thous.	July	13.7p	−7.4	−17.7
Unemployment Rate	percent	July	3.6p	−7.7	−20.0
MAUI COUNTY					
Civilian Labor Force	thous.	July	50.4p	0.7	1.5
Employment	thous.	July	48.4p	1.4	2.7
Unemployment	thous.	July	2.1p	−8.7	−16.0
Unemployment Rate	percent	July	4.1p	−10.9	−19.6
HAWAII					
Civilian Labor Force	thous.	July	53.6p	2.2	3.4
Employment	thous.	July	50.1p	3.3	5.4
Unemployment	thous.	July	3.6p	−7.7	−16.3
Unemployment Rate	percent	July	6.6p	−12.0	−20.5
KAUAI					
Civilian Labor Force	thous.	July	23.9p	−0.4	1.5
Employment	thous.	July	22.9p	−0.2	3.6
Unemployment	thous.	July	1.0p	−13.6	−34.5
Unemployment Rate	percent	July	4.0p	−11.1	−35.5
JOB COUNT BY INDUSTRY					
TOTAL JOBS—STATE	thous.	July	506.1p	0.6	3.3
SUGAR (Mill and Field)	thous.	July	7.1p	7.6	−4.7
PINEAPPLE (Cannery and Field)	thous.	July	5.0p	12.4	−14.5
DIVERSIFIED MANUFACTURING					
(Excluding Sugar and Pineapple)	thous.	July	17.0p	1.2	0.9
Durable Goods	thous.	July	4.1p	2.5	5.1
Non-Durable Goods	thous.	July	12.9p	0.4	−0.4
Apparel and Textiles	thous.	July	3.1p	0.0	−6.1
DIVERSIFIED AGRICULTURE (Excluding Sugar And Pineapple, but Including Agricultural Self-Employed)	thous.	July	9.4p	6.2	27.0
CONTRACT CONSTRUCTION	thous.	July	21.8p	0.0	15.3
TRANSPORTATION	thous.	July	24.8p	−0.6	1.0
COMMUNICATION	thous.	July	7.2p	0.7	2.1
UTILITIES	thous.	July	2.7p	1.9	3.8
RETAIL TRADE	thous.	July	101.9p	1.5	4.2
WHOLESALE TRADE	thous.	July	19.8p	1.3	1.8
FINANCE, INSURANCE AND REAL ESTATE	thous.	July	33.8p	0.4	1.5
HOTEL SERVICES—STATE	thous.	July	29.8p	0.0	1.0
Oahu	thous.	July	17.0p	1.5	3.0
Maui County	thous.	July	6.5p	−1.5	−1.5
Hawaii	thous.	July	3.9p	−2.5	−1.3
Kauai	thous.	July	2.5p	0.0	2.0
OTHER SERVICES	thous.	July	94.1p	0.2	4.7
FEDERAL GOVERNMENT	thous.	July	32.2p	0.0	0.9
Civilian Agencies	thous.	July	12.1p	0.0	4.8
Defense Department	thous.	July	20.0p	−0.5	−1.7
STATE GOVERNMENT	thous.	July	46.7p	−6.3	2.3
COUNTY GOVERNMENT	thous.	July	14.9p	13.7	1.7
NON-AGRICULTURE SELF-EMPLOYED	thous	July	38.4p	2.8	3.1
UNEMPLOYMENT INSURANCE					
INSURED UNEMPLOYMENT (Weekly Average)	number	July	7,815	−8.2	−15.6
INTRASTATE INITIAL CLAIMS	number	Jan.-July	32,817	.....	−13.9
INTERSTATE INITIAL CLAIMS	number	Jan.-July	1,961	.....	−15.0
UNEMPLOYMENT INSURANCE BENEFITS	thous. $	Jan.-July	29,002	.....	−17.7

p = preliminary.
*Count of recipients is duplicated. A person may be counted in each category.

public assistance in hawaii

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
PUBLIC ASSISTANCE					
INCOME MAINTENANCE					
Recipients[1]		June	48,609	−4.1	−10.5
Payments		Jan.-June	43,223	.....	−7.2
MEDICAL ASSISTANCE					
Recipients[1]		August	40,730	−11.8	−26.4
Payments		Jan.-Aug.	109,725	.....	1.3
FOOD STAMPS					
Recipients[1]		June	83,683	−0.4	−8.0
Payments		Jan.-June	42,791	.....	14.8
SERVICES					
Recipients[1]		2nd Qtr.	7,729	3.2	−7.2
Payments		2nd Qtr.	4,878	.....	11.5

[1]Count of recipients is duplicated. A person may be counted in each category.

banking and finance in hawaii

FINANCE					
COMMERCIAL BANK DEPOSITS					
STATE					
Total Deposits	mil. $	July	8,799.7	0.6	13.1
Debits To Demand Deposits	mil. $	July	10,231.8	.....	5.1
OAHU					
Total Deposits	mil. $	July	7,364.2	0.4	14.5
Debits To Demand Deposits	mil. $	July	9,252.5	.....	8.7
MAUI COUNTY					
Total Deposits	mil. $	July	552.3	0.8	12.1
Debits To Demand Deposits	mil. $	July	422.6	.....	15.4
HAWAII					
Total Deposits	mil. $	July	602.9	1.8	0.7
Debits To Demand Deposits	mil. $	July	380.0	.....	9.9
KAUAI					
Total Deposits	mil. $	July	280.3	1.0	8.1
Debits To Demand Deposits	mil. $	July	176.7	.....	12.5
BANK LOANS OUTSTANDING—STATE[1]	mil. $	2nd Qtr.	5,408.6	3.4	16.9
Real Estate	mil. $	2nd Qtr.	2,350.7	7.3	24.6
Consumer	mil. $	2nd Qtr.	1,037.1	0.0	−2.5
Commercial & Industrial	mil. $	2nd Qtr.	1,585.7	1.7	18.5
Other	mil. $	2nd Qtr.	272.9	−8.1	6.9
CONVENTIONAL HOME MORTGAGE RATES: HONOLULU SAVINGS & LOAN ASSOCIATIONS	percent	July	10.8	−0.9	3.8
TOTAL DEPOSITS	mil. $	March	3,517.8	0.6	−2.5
TOTAL LOANS	mil. $	March	121.0	20.0	82.8
MORTGAGE LOANS	mil. $	March	109.7	39.9	99.8
TAX COLLECTIONS[2]					
STATE	thous. $	Jan.-July	1,107,408	15.9	14.4
Oahu	thous. $	Jan.-July	953,629	13.5	15.1
Maui County	thous. $	Jan.-July	67,577	15.0	13.5
Hawaii	thous. $	Jan.-July	60,427	17.3	12.0
Kauai	thous. $	Jan.-July	25,771	22.6	−1.8

[1]Includes Hawaii and Guam. Reporting categories changed in July, 1985.
[2]Taxes collected by the State Department of Taxation. Excludes property taxes which were formerly collected by the State but are now collected by the Counties.

Association and the Hawaii Anthurium Growers Cooperative have managed to organize the anthurium growers on the Big Island emphasizing research, education, and marketing of their product. These cooperatives are the exceptions, however, as a majority of the growers in the state are not part of any ongoing promotional activity. In many instances an every-man-for-himself attitude prevails. In this environment it will be difficult for Hawaii products to maintain, much less increase, their market share in the face of increased competition.

The newest problem facing growers who want to expand is the increasing lack of available labor. As the Hawaiian economy fluctuates near full employment it has become more difficult to attract workers into this labor-intensive industry. This problem will intensify in the future as completion of several resort developments will increase the competition for the remaining workers, as well as entice some away from their present jobs.

Hawaii's industry must also deal with challenges from abroad in the form of foreign floricultural products. Floricultural producers from other countries are coming into direct competition with those from Hawaii. For example, Costa Rica, Jamaica, and Mauritius have aggressively entered into the anthurium market. Though their anthuriums are of lower quality than Hawaiian anthuriums, they are delivered at lower prices. Thailand has always been an adversary in the dendrobium orchid market.

With almost half of the floricultural products being exported out of the state, the floriculture market is extremely sensitive to fluctuating foreign exchange rates. In the early 1980s, a strengthening dollar nearly eliminated anthurium sales to West Germany as consumers there were unwilling to pay the higher prices. This trend has reversed itself in recent times with the dollar losing strength against most currencies. This should lead to an increase in foreign demand for Hawaii's exotic flowers and plants.

Whether or not Hawaii growers will be able to take advantage of these opportunities remains to be seen. All the knowledge and resources needed for success in the floriculture industry are available in the islands. If present problems can be overcome, this industry has the potential for sizable growth. Given the present condition of some of the other crops in Hawaii, this would be a welcomed boost to the state's beleaguered agricultural sector.

ECONOMIC INDICATORS

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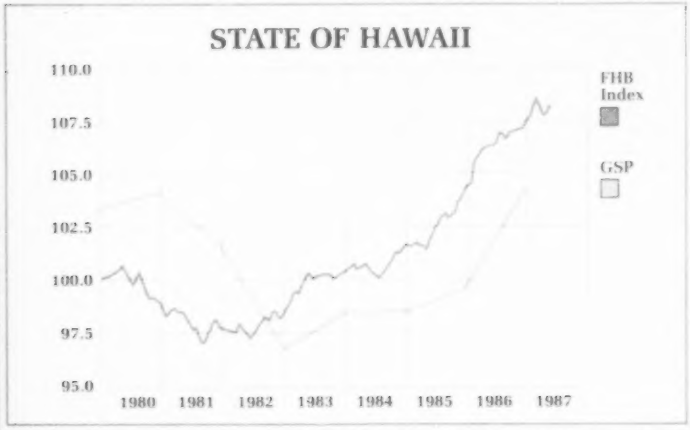

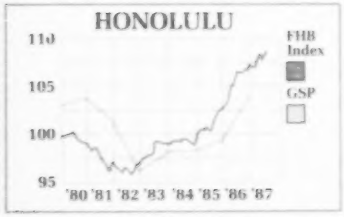

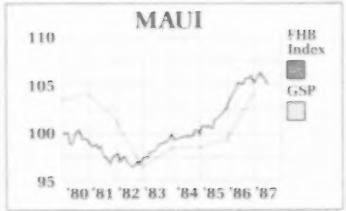

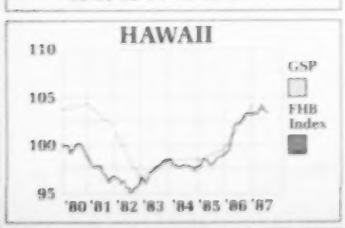

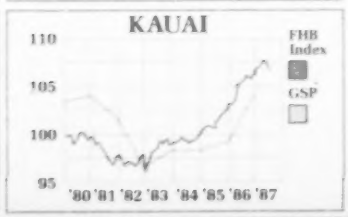

FIRST HAWAIIAN BANK INDEX OF LEADING ECONOMIC INDICATORS

The First Hawaiian Bank Index of Leading Economic Indicators, through the first seven months of 1987, registered a net gain of 0.3 percent from year-end 1986. This implies that economic growth statewide, should remain roughly at the same levels as 1986. Neighbor island indexes also reflected this scenario of stable growth, as declines in visitor counts curtailed last years upward momentum. A county-by-county analysis of the major index components, through July, shows that for Honolulu, employment, consumer credit demand, and public contracts awarded, showed significant upward movement, while building permits and visitor counts declined. The Maui index realized slight gains in employment and credit demand, but suffered heavy losses in visitor counts, and public contracts awarded. On the Big Isle, the only negative component was visitor counts, down just slightly from the previous month. For the Kauai index, visitor counts and public contracts awarded were the only negative components. All the other components showed gains.

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ECONOMIC INDICATORS

Research Department, First Hawaiian Bank | November/December 1987

Outlook for the Hawaiian Economy in 1988

The Hawaiian economy is still in a process of consolidation after the record growth rates of 1986. A slowdown in westbound visitor counts due to a sluggish national economy, and a levelling off in construction activity have tempered economic expansion. The recent downturn in the stock market has also clouded the outlook for 1988.

Overall, the economy has been doing well in 1987. Gross business receipts, a measure of overall business activity, grew by 12 percent to $19.8 billion as of August. Corrected for inflation, business activity was expanding by 8 percent. Meanwhile, the unemployment rate fell to 4.1 percent, the lowest in twenty years, while the number of jobs increased by 3 percent. Total personal income also saw strong real growth of 4 percent through the first half of the year.

One of the main factors having to do with the stabilizing of the Hawaiian economy in 1987 was the mixed performance of the visitor industry. As of this past September, total overnight-and-longer visitors stood at 4.4 million persons. This represented a modest 2-percent rate of growth compared to the 15 percent experienced during the same period in 1986. The main cause was a slowdown in visitors from the mainland and increased competition from alternative destination areas. Westbound visitors declined by 2 percent in September, compared to a growth rate of 16 percent during the same period in 1986. Eastbound visitors increased in growth rates from 14 percent in 1986 to 17 percent in 1987.

The eastbound visitor increase has had important implications for Hawaii's visitor industry. Japanese visitors are estimated to comprise 72 percent of eastbound visitors in 1987 compared to 65 percent in 1986. They spend an average of $366 per day: four times more than westbound visitors, who spend an average of $95 per day. Because of this, the average monthly expenditure generated by total overnight-and-longer visitors to Hawaii stood at $527 million in 1987, or 16 percent higher than the average of $456 million spent in 1986. Thus, in spite of low growth in the total number of visitors, the economic impact of the visitor industry on the Hawaiian economy has increased substantially because of the rising proportion of Japanese visitors to Hawaii.

Tourism growth in 1988 could be influenced by the market downturn in the American and Japanese stock markets, which could have adverse effects on travel to Hawaii. Add the further possibility of a general slowdown in the American and Japanese economies and continuing strong competition from alternative destination areas, and the expectation is that growth in total overnight-and-longer visitors in 1988 will range between 0 to 3 percent. This reflects continued slow growth in the westbound market and a possible slowdown in Japanese visitors to Hawaii, due to the effects of the stock market crash. Tokyo recorded an average drop in stock prices of 35 percent due to the market downturn.

The construction industry was the other major source of economic activity in 1987. As of this past August, the total value of construction-put-in-place stood at $1.4 billion, a healthy 17-percent increase over 1986. Considering that construction was growing by 43 percent during the same period in 1986, it is clear that activity in the industry is levelling off. However, income for workers increased by 18 percent to $905 million in the first half of the year, while construction jobs increased by 19 percent to 21,617 jobs as of this past September.

The outlook for construction will depend on national economic conditions and interest rates. Given the prospects for slower economic growth and easier monetary policies, interest rates should remain relatively stable. A number of major hotel and commercial projects will be reaching completion and a general slowdown in nonresidential construction is expected. Thus, growth in total construction-put-in-place should fall in the 10- to 15-percent range in 1988.

Defense expenditures remained static in 1987. As of the first half of the year, total appropriated military funds stood at $950 million, roughly equal to expenditure levels in 1986. Overall prospects for 1988 do not appear optimistic. Growth in military expenditures has been flat to negative in real terms for the past three years. With the expected continuation of the Gramm-Rudman budget deficit-reduction measures, as well as the impending election of a new president in 1988, the probability of a major turnaround in defense expenditures seems remote, and the expectation is for flat growth in real terms for 1988.

Looking at the total Hawaiian economy in 1988, the outlook is for moderate growth in tourism, a general levelling off in construction, and general stability in the other sectors of the economy. Gross state product, adjusted for inflation, should grow by 2.4 percent in 1988 compared to an estimated 4.6 percent in 1987. Growth in total personal income is also projected to grow by 2.0 percent in 1988 compared to 3.6 percent in 1987. Thus, overall, the Hawaiian economy should experience slower, but nevertheless positive, economic growth in 1988.

FIRST HAWAIIAN BANK
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NOVEMBER-DECEMBER FEATURE STORY: MANUFACTURING IN HAWAII

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CURRENT BUSINESS TRENDS

Despite relatively weak visitor numbers the Hawaiian economy realized exceptional growth through the first three quarters of 1987. Through September, gross business receipts for the state expanded to $22 billion, up 12 percent from the same period in 1986. Hawaii County experienced the largest increase of 18 percent, while Oahu, Maui, and Kauai registered gains of 13, 3, and 1 percent, respectively.

Tax collections were also up. As of September, cumulative state tax collections grew by 15 percent from the same period in 1986. Oahu and Maui showed equal gains of 15 percent, while Hawaii and Kauai had increases of 13 and 2 percent, respectively.

State employment figures showed marked improvement through the third quarter. The number of persons employed in the state increased by 3 percent to 478,567 persons while the number of unemployed persons fell by 22 percent to 20,106. As a result the unemployment rate fell from 4.6 percent to 3.8 percent.

Through September, the number of visitors to Hawaii totaled 4,353,160 a moderate increase of 2 percent over the same period last year. Of that total, westbound visitors accounted for 3,179,520, down by 2 percent from 1986, while the number of eastbound visitors increased by 16 percent to 1,173,640. The dramatic increase in eastbound visitors is chiefly attributable to highly favorable exchange rates for Japanese visitors. A county-by-county look at visitor numbers indicates that only Hawaii and Kauai had increased visitor counts from last year with each county registering a 2-percent gain. Oahu and Maui realized declines of 4 and 6 percent, respectively.

The construction industry continued

u. s. economic indicators

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
GROSS NATIONAL PRODUCT**					
In Current Dollars	bil. $	3rd Qtr.	4,512p	1.5	5.8
In 1982 Dollars	bil. $	3rd Qtr.	3,831p	0.9	3.0
PERSONAL INCOME**	bil. $	Sept.	3,784o	0.7	6.1
INTEREST RATES					
AVERAGE PRIME RATE	percent	Oct.	9.07	4.3	20.9
CONSTRUCTION					
CONSTRUCTION PUT IN PLACE**	bil. $	Sept.	406.3p	1.5	1.5
CONSTRUCTION COST INDEXES:					
Residences	1967 =100	Sept.	384.0	0.4¹	1.8
Apts., Hotels, Office Bldgs.	1967 =100	Sept.	382.0	0.5¹	2.0
EMPLOYMENT					
CIVILIAN EMPLOYMENT*	thous.	Sept.	109,891	−0.2	2.2
UNEMPLOYMENT*	thous.	Sept.	8,329	3.8	0.7
UNEMPLOYMENT RATE*	percent	Sept.	6.9	3.0	−2.8
PRICES					
CONSUMER PRICE INDEXES:					
Wage Earners and Clerical Workers	1967 =100	Oct.	340.0	0.3	4.6
All Urban Consumers	1967 =100	Oct.	345.3	0.3	4.5
PRODUCER PRICE INDEXES:					
Finished Goods*	1967 =100	Sept.	289.3p	0.4	−0.9
All Commodities	1967 =100	Aug.	297.2p	−0.2	−3.3

r=revised.
p=preliminary.
¹Compared to July, 1987.
*Seasonally adjusted.
**Seasonally adjusted at annual rates.

business activity in hawaii

BUSINESS SALES					
GROSS BUSINESS RECEIPTS:					
STATE	mil. $	Jan.-Sept.	22,134.5	.....	11.5
Oahu	mil. $	Jan.-Sept.	18,668.8	.....	12.2
Maui County	mil. $	Jan.-Sept.	1,440.1	.....	3.7
Hawaii	mil. $	Jan.-Sept.	1,451.1	.....	16.2
Kauai	mil. $	Jan.-Sept.	574.5	.....	0.4
DIVERSIFIED MANUFACTURING	mil. $	Jan.-Sept.	451.5	.....	6.8
DIVERSIFIED AGRICULTURE	mil. $	Jan.-Sept.	201.8	.....	4.6
RETAILING	mil. $	Jan.-Sept.	7,839.2	.....	8.9
WHOLESALING	mil. $	Jan.-Sept.	5,384.0	.....	13.9
SERVICES	mil. $	Jan.-Sept.	5,386.8	.....	11.2
OAHU NEW CAR SALES	number	Jan.-Sept.	29,204.0p	.....	0.8
HONOLULU PRICES					
HONOLULU CONSUMER PRICE INDEX:					
Wage Earners and Clerical Workers	1967 =100	Oct.	324.6 e	0.3¹	5.2
All Urban Consumers	1967 =100	Oct.	317.5 e	0.3¹	4.9
TOURISM					
VISITOR EXPENDITURES	mil. $	1986	5,550p	.....	13.6
OVERNIGHT OR LONGER VISITORS	number	Sept.	432,050p	−25.4	9.7
	number	Jan.-Sept.	4,353,160p	.....	2.1
Westbound	number	Sept.	301,990p	−26.9	4.3
	number	Jan.-Sept.	3,179,520p	.....	−2.3
Eastbound	number	Sept.	130,060p	−21.7	24.8
	number	Jan.-Sept.	1,173,640p	.....	16.2
AVERAGE DAILY VISITOR CENSUS	number	Jan.-Sept.	118,130p	.....	−1.4
AVERAGE LENGTH OF STAY	no. of days	Jan.-Sept.	10.1p	.....	1.0
MEETING ATTENDANCE	number	Jan.-Sept.	220,902	.....	31.4
ORGANIZED GROUP TOURS	number	Jan.-Sept.	567,860p	.....	−12.9
VISITOR COUNT BY COUNTY²					
Oahu	number	Sept.	221,880p	−26.4	2.1
	number	Jan.-Sept.	2,328,110p	.....	−3.7
Maui County	number	Sept.	140,750p	−24.3	1.0
	number	Jan.-Sept.	1,449,700p	.....	−5.6
Hawaii	number	Sept.	52,690p	−25.3	−0.2
	number	Jan.-Sept.	598,100p	.....	1.6
Kauai	number	Sept.	82,370p	−17.2	6.2
	number	Jan.-Sept.	788,810p	.....	2.4

p=preliminary.
e=estimated.
¹Compared to estimated September, 1987.
²Estimated Westbound

business activity in hawaii [cont.]

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
VISITOR ACCOMMODATIONS:					
STATE	number	Feb., 1987	65,318	.....	−1.5
Oahu	number	Feb., 1987	38,815	.....	−0.5
Waikiki	number	Feb., 1987	34,014	.....	−1.8
Maui (Island)	number	Feb., 1987	13,264	.....	−1.4
Molokai	number	Feb., 1987	575	.....	−9.4
Lanai	number	Feb., 1987	10	.....	0.0
Hawaii	number	Feb., 1987	7,328	.....	0.7
Kauai	number	Feb., 1987	5,956	.....	0.6
HOTEL OCCUPANCY:					
STATE	percent	Sept.	75.7	−13.4	5.0
		Jan.-Sept.	82.3	.....	−0.6
Oahu	percent	Sept.	82.7	−11.4	8.8
		Jan.-Sept.	88.0	.....	1.3
Maui (Island)	percent	Sept.	66.7	−18.5	−9.6
		Jan.-Sept.	76.6	.....	−9.6
Hawaii	percent	Sept.	52.3	−20.5	2.8
		Jan.-Sept.	61.9	.....	−1.1
Kauai	percent	Sept.	70.3	−15.2	−2.0
		Jan.-Sept.	76.1	.....	−2.9
DEFENSE EXPENDITURES					
APPROPRIATED FUNDS TOTAL	mil. $	Yr. to 3rd Qtr.	1,471.2	.....	4.3
Military Payroll	mil. $	Yr. to 3rd Qtr.	651.2	.....	4.2
Civilian Payroll	mil. $	Yr. to 3rd Qtr.	440.0	.....	−3.5
Local Purchases	mil. $	Yr. to 3rd Qtr.	370.9	.....	12.3
SUGAR					
VALUE OF CROP SALES (Unprocessed Cane)	mil. $	1986	233.8	.....	5.1
SUGAR PRODUCTION	thous. tons	Jan.-Sept.	764.3	.....	−5.2
AVERAGE N. Y. RAW SUGAR PRICE	$/ton	Jan.-Aug.	437.2	.....	4.9
PINEAPPLE					
VALUE OF CROP SALES (Fresh Equivalent)	thous. $	1986	99.7	.....	10.2
SHIPMENTS: FRESH	thous. lbs.	Jan.-Sept.	178.6	.....	−2.1
DIVERSIFIED AGRICULTURE					
CROPS	thous. $	1986	147,734	.....	11.4
FLOWERS & NURSERY PRODUCTS	thous. $	1986	49,094	.....	11.2
Anthurium Outshipments[3]	th. dozens	Jan.-Sept.	1,162.2	.....	−13.0
Potted Foliage Plants	thous. $	1986	12,931	.....	7.6
FRUITS & NUTS	thous. $	1986	51,806	.....	19.8
Papaya Sales	th. lbs.	Jan.-Oct.	44,625	.....	7.3
Average Farm Price	cents/lb.	Oct.	14.0	−6.7	−25.1
Macadamia Nut Sales (in shell)	th. lbs.	1986	44,000	.....	4.8
Average Farm Price	cents/lb.	1986	80.0	.....	10.3
VEGETABLES AND MELONS[4]	th. lbs.	Jan.-Oct.	59,555	.....	0.2
LIVESTOCK	thous. $	1986	83,429	.....	0.7
BEEF PRODUCTION (Dressed Wt.)	th. lbs.	Jan.-Aug.	22,424	.....	1.8
Average Farm Price (Feedlot Beef)	cents/lb.	Aug.	86.0	0.0	6.2
HOG PRODUCTION (Dressed Wt.)	th. lbs.	Jan.-Aug.	4,261	.....	3.7
Average Farm Price	cents/lb.	Aug.	103.5	1.0	0.5
MILK PRODUCTION	mil. lbs.	Jan.-Aug.	107.3	.....	1.3
Average Price Sold to Plants	$/100 lbs.	Aug.	20.61	0.3	2.4
EGG PRODUCTION	mil.	Jan.-Aug.	149.8	.....	−1.6
Average Farm Price	cents/doz.	Aug.	78.0	−1.9	8.3
PUBLIC UTILITIES					
ELECTRICITY GENERATED	mil. kwh.	Jan.-Oct.	6,410	.....	3.1
GAS SALES	th. therms.	Jan.-Oct.	41,658	.....	3.7
TELEPHONE LINES IN SERVICE	thous.	Sept.	497.5	.....	4.9

p = preliminary.
[3]From Hawaii County.
[4]Includes snap beans, cabbage, celery, sweet corn, cucumbers, onions, green peppers, tomatoes, and watermelons.

its largest and longest stretch of continuous growth since 1974. Through September, construction-put-in-place stood at $1.4 billion, a 17-percent increase from 1986. Oahu led the state in the value of construction-put-in-place at $1.2 billion, up 16 percent from last year, while the Big Island recorded the largest percent gain of 33 percent. Maui was on another record pace with a September total of $75 million worth of construction, up 10 percent from 1986. Kauai also fared quite well with an increase of 19 percent from last year.

Residential construction showed no sign of slowing down with residential private permits authorized for the state up 25 percent from September 1986. On the other hand, non-residential permits were off by 40 percent for the same period. This pattern was generally reflected throughout each county, with the exception of Maui which recorded healthy increases in both residential and non-residential permits of 13 and 55 percent, respectively.

Real estate numbers through September continued to be favorable. State single-family home resales were up by 26 percent, while condominium resales were up 48 percent from the same period in 1986. In September, the average single-family house in the state sold for $237,427 and the average condominium sold for $125,704, an increase of 28 and 12 percent, respectively.

In agriculture, sugar production through September was off by 3 percent from last year at 667,500 tons. However, a 5-percent increase in the New York raw sugar price to $438 per ton helped to dampen this loss in production. The slowdown in sugar production was mostly attributable to ongoing restructuring in the industry for greater harvesting and processing efficiency. This upgrading by some of the state's largest sugar producers should improve sugar production over the coming years.

Elsewhere in agriculture, fresh pineapple shipments through September totaled 178,560 tons. This figure was off by 2 percent following last year's 3 percent decline. In diversified agriculture papaya sales were up a record 4.9 million pounds through September, an 8-percent increase over last year's sales mark. Anthurium outshipments, foliage and potted plants, and vegetable and melon production were realizing slight declines through 1987, but are still doing well considering last year's record performance. The livestock and dairy industries have held steadfast with little or no change in production through September.

MANUFACTURING IN HAWAII

In 1986, Hawaii produced and sold $565 million worth of diversified durable and nondurable products. These products included, in order of sales volume: processed foods; textiles and apparels; printed and published goods; construction materials; machinery and equipment; as well as various wood, stone, glass, and clay fabrications. However, these manufacturing sales are distressingly subaverage on a state-by-state comparison.

In 1985, Hawaii ranked 47th in the U.S. in terms of manufacturing as a percent of Gross State Product (GSP). In 1986, diversified manufacturing sales in Hawaii accounted for roughly 3 percent of GSP, while the U.S. average was 12 percent. The 21,000 manufacturing jobs currently held in Hawaii make up approximately 4 percent of the total state labor force, the U.S. average is 18 percent. Inflation adjusted manufacturing sales in Hawaii have declined every year since 1979.

These facts support the perception that manufacturing does not have a place in Hawaii: that Hawaii is too isolated or too small; or, that land, labor, and capital, are too scarce or expensive. While valid, many of these obstacles to manufacturing are not insurmountable. Hawaii's small size and location are poor excuses for the lack of manufacturing production. There are a number of regions throughout the Pacific and Asia with similar land size, population, and remoteness whose per-capita manufacturing sales far surpass Hawaii's.

Hong Kong and Singapore are examples of robust economies built on manufacturing bases with less resources than what is available to Hawaii. The most important factor that made the difference in these regions, besides cheap labor costs, were the concerted efforts made by their governments and private sectors to make manufacturing an attractive alternative to other industries.

Almost every autonomous economy is dominated by one industry and Hawaii is no exception. There is nothing inherently wrong with this notion. Hawaii has capitalized on its natural resources to create a $6-billion visitor industry.

However, overdependency on one industry can have undesirable repercussions, including vulnerability to macro-economic downturns, and wage inequities that could lead to increased social polarization.

In the past, Hawaii enjoyed a reasonable diversified economy with defense

business activity in hawaii [cont.]

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
CONSTRUCTION PUT IN PLACE					
STATE:	thous. $	Jan.-Sept.	1,591,764	.....	15.6
Oahu	thous. $	Jan.-Sept.	1,382,276	.....	14.7
Maui County	thous. $	Jan.-Sept.	78,420	.....	11.3
Hawaii	thous. $	Jan.-Sept.	96,333	.....	31.4
Kauai	thous. $	Jan.-Sept.	34,735	.....	24.0
HONOLULU CONSTRUCTION COST INDEXES					
SINGLE FAMILY	1967=100	Oct.	378.5	0.1	−0.7
HIGH-RISE	1967=100	Oct.	388.2	0.2	−1.3
PRIVATE PERMITS AUTHORIZED					
STATE: RESIDENTIAL	thous. $	Jan.-Aug.	447,785	.....	17.6
Single Family Units	number	Jan.-Aug.	4,092	.....	37.0
Multiple Family Units	number	Jan.-Aug.	955	.....	−54.7
NONRESIDENTIAL	thous. $	Jan.-Aug.	234,468	.....	−37.2
OAHU: RESIDENTIAL	thous. $	Jan.-Oct.	332,250	.....	16.9
Single Family Units	number	Jan.-Oct.	2,272	.....	37.4
Multiple Family Units	number	Jan.-Oct.	445	.....	−77.7
NONRESIDENTIAL	thous. $	Jan.-Oct.	243,416	.....	44.9
MAUI CO.: RESIDENTIAL	thous. $	Jan.-Aug.	73,689	.....	10.2
Single Family Units	number	Jan.-Aug.	780	.....	23.6
Multiple Family Units	number	Jan.-Aug.	472	.....	210.5
NONRESIDENTIAL	thous. $	Jan.-Aug.	43,819	.....	49.9
HAWAII: RESIDENTIAL	thous. $	Jan.-Oct.	80,433	.....	35.2
Single Family Units	number	Jan.-Oct.	1,164	.....	23.2
Multiple Family Units	number	Jan.-Oct.	18	.....	−53.8
NONRESIDENTIAL	thous. $	Jan.-Oct.	34,666	.....	−77.8
KAUAI: RESIDENTIAL	thous. $	Jan.-Oct.	53,026	.....	52.1
Single Family Units	number	Jan.-Oct.	494	.....	37.2
Multiple Family Units	number	Jan.-Oct.	3	.....	50.0
NONRESIDENTIAL	thous. $	Jan.-Oct.	37,770	.....	−22.1
PUBLIC CONTRACTS AWARDED					
TOTAL GOVERNMENT PROJECTS:					
STATE	thous. $	Jan.-Oct.	343,129	.....	−12.7
Oahu	thous. $	Jan.-Oct.	269,334	.....	−7.9
Maui County	thous. $	Jan.-Oct.	24,421	.....	−57.2
Hawaii	thous. $	Jan.-Oct.	29,619	.....	−4.1
Kauai	thous. $	Jan.-Oct.	19,757	.....	54.9
BY LEVEL OF GOVERNMENT:					
Federal	thous. $	Jan.-Oct.	104,418	.....	10.4
State	thous. $	Jan.-Oct.	153,233	.....	−21.1
County	thous. $	Jan.-Oct.	85,567	.....	−18.0
REAL ESTATE RESALES					
STATE: Single Family	number	Jan.-Oct.	3,407	.....	22.6
Average Price	dollars	Jan.-Oct.	237,164	.....	28.6
Condominium	number	Jan.-Oct.	4,918	.....	46.0
Average Price	dollars	Jan.-Oct.	127,141	.....	13.2
OAHU: Single Family	number	Jan.-Oct.	2,330	.....	22.6
Average Price	dollars	Jan.-Oct.	278,998	.....	34.3
Condominium	number	Jan.-Oct.	3,821	.....	47.2
Average Price	dollars	Jan.-Oct.	124,473	.....	16.2
MAUI CO.: Single Family	number	Jan.-Oct.	388	.....	18.7
Average Price	dollars	Jan.-Oct.	189,927	.....	6.7
Condominium	number	Jan.-Oct.	747	.....	38.8
Average Price	dollars	Jan.-Oct.	144,176	.....	−0.4
HAWAII: Single Family	number	Jan.-Oct.	535	.....	23.3
Average Price	dollars	Jan.-Oct.	113,879	.....	14.6
Condominium	number	Jan.-Oct.	174	.....	68.9
Average Price	dollars	Jan.-Oct.	124,154	.....	36.9
KAUAI: Single Family	number	Jan.-Oct.	158	.....	32.8
Average Price	dollars	Jan.-Oct.	147,786	.....	5.8
Condominium	number	Jan.-Oct.	176	.....	33.3
Average Price	dollars	Jan.-Sept.	125,243	.....	27.6

n.a. = not available.

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population in hawaii

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
POPULATION					
STATE:					
Total De Facto Population	thous.	July 1, 1986	1,178.8	.....	2.3
Total Resident Population	thous.	July 1, 1986	1,062.3	.....	0.8
OAHU:					
Total De Facto Population	thous.	July 1, 1986	877.3	.....	1.4
Total Resident Population	thous.	July 1, 1986	816.7	.....	0.3
MAUI COUNTY:					
Total De Facto Population	thous.	July 1, 1986	110.0	.....	−4.8
Total Resident Population	thous.	July 1, 1986	87.6	.....	2.7
HAWAII:					
Total De Facto Population	thous.	July 1, 1986	120.0	.....	3.7
Total Resident Population	thous.	July 1, 1986	111.8	.....	2.4
KAUAI:					
Total De Facto Population	thous.	July 1, 1986	60.3	.....	8.4
Total Resident Population	thous.	July 1, 1986	46.4	.....	3.6
CIVILIAN RESIDENT POPULATION:					
STATE	thous.	July 1, 1986	1,004.2	.....	0.7
MILITARY PERSONNEL:					
STATE	number	July 1, 1986	58,584	.....	1.0
Ashore	number	July 1, 1986	53,616	.....	−0.4
Afloat	number	July 1, 1986	4,968	.....	19.5
CIVILIAN MILITARY DEPENDENTS	number	July 1, 1986	66,210	.....	3.0
FOREIGN IMMIGRATION[1]	number	Jan.-Oct.	4,718	.....	−2.6

p = preliminary.
[1]Includes only those entering Honolulu ports and does not include status changes.

income in hawaii

INCOME					
TOTAL PERSONAL INCOME**	mil. $	2nd Qtr.	16,870p	2.2	8.9
EMPLOYMENT INCOME[1]	mil. $	2nd Qtr.	12,726p	2.4	8.0
Manufacturing	mil. $	2nd Qtr.	572p	1.2	5.9
Construction & Mining	mil. $	2nd Qtr.	914p	2.0	18.4
Wholesale	mil. $	2nd Qtr.	495p	2.3	8.8
Retail	mil. $	2nd Qtr.	1,481p	2.3	14.7
Finance, Ins., & Real Estate	mil. $	2nd Qtr.	941p	2.2	13.0
Trans., Comm., & Util.	mil. $	2nd Qtr.	1,096p	6.2	14.4
Services	mil. $	2nd Qtr.	3,114p	2.9	6.5
Farm & Other	mil. $	2nd Qtr.	453p	14.4	7.3
Federal Civilian	mil. $	2nd Qtr.	970p	0.5	−0.8
Federal Military	mil. $	2nd Qtr.	1,345p	0.5	−0.3
State & Local	mil. $	2nd Qtr.	1,395p	2.6	11.2
PROPERTY INCOME (Dividends, Interest, & Rent)	mil. $	2nd Qtr.	2,422p	1.0	6.4
TRANSFER PAYMENTS (2,514) minus Personal Contributions for Social Insurance (791)	mil. $	2nd Qtr.	1,723p	2.4	20.5
PER CAPITA PERSONAL INCOME:					
STATE	dollars	1986	14,691	.....	6.1
Oahu	dollars	1984	13,709	.....	5.7
Maui County	dollars	1984	11,611	.....	5.9
Hawaii	dollars	1984	9,998	.....	5.2
Kauai	dollars	1984	10,564	.....	6.9

***Total personal income and all components are seasonally adjusted at annual rates.*
[1]Includes wage and salary disbursements, proprietors' income, and other labor income.
p = preliminary.

HAWAIIAN BANK

spending, construction, agriculture, and manufacturing, somewhat offsetting tourism's predominant share of Gross State Product. But, over the years there has been dramatic disparity in growth among the various sectors of the economy. Most industries grew at a slower pace or declined, while tourism grew by leaps and bounds, further expanding its share of GSP.

Industry Percentage of GSP

	1976	1986	% Change
Tourism	23.8	36.9	up 55%
Military	13.1	10.7	dn 22%
Construction	12.8	10.3	dn 24%
Agriculture	6.0	3.6	dn 67%
Manufacturing	5.2	3.3	dn 58%

Labor statistics support the fact that service-industry dominance leads to labor and wage inequities. Low-scale service-related jobs account for 55 percent of the total jobs in the state. These jobs average $6.75 per hour, while manufacturing jobs in Hawaii currently average 40 percent more at roughly $9.50 per hour. As the state becomes more and more dependent on tourism, low-wage service-type jobs will increase, thus expanding the subsistence level population of Hawaii. This could ultimately widen the gap between the haves and have-nots and lead to greater social tension.

This service-industry trend is unlikely to change in the near future. In addition, Hawaii has little or no control over other sectors of the economy. For example, the state has absolutely no control over military spending, which will maintain its current levels at best. Agriculture has very limited growth potential due to high production costs and limited land availability, and little can be done to augment construction industry growth. However, manufacturing can grow here in Hawaii; but, this opportunity will not be realized without the support of strong state economic-development policies.

There has been a renewed effort by the state to improve Hawaii's image as a place to do business. The question is whether that will be enough to lure manufacturers from the mainland. Many cities across the U.S. are offering various incentives to encourage investment in manufacturing.

These incentives are collected and cumulated into an index for the forty-eight continuous states, and are closely monitored by large U.S. and foreign firms to identify the most cost efficient sites. These indices consist of the following 15 components:

1. taxes;

2. state expenditures vs. tax collections;
3. state debt/surplus;
4. existing R&D facilities;
5. transportation costs;
6. workman's compensation insurance;
7. personal income and wages;
8. unionization;
9. vocational education enrollment;
10. no. of high school educated adults;
11. average workweek hours;
12. energy costs;
13. environmental controls;
14. population density; and,
15. unemployment compensation.

Hawaii lags severely in the following categories:

Transportation cost is a particularly difficult factor for manufacturing because of the inputs required in the manufacturing process. This suggests that low-volume, material-intensive production will tend to remain abroad. However, shipping costs to and from Hawaii are comparable in cost and time to mainland shipping from the west coast to the east coast. In addition, high-volume manufacturing could greatly reduce shipping costs relative to total costs.

The educational base in Hawaii has also been an obstacle to manufacturing. The University of Hawaii produces highly educated workers, but it educates few scientists, engineers, and technicians. Moreover, the community college system provides few vocational education programs relating to manufacturing. However, the situation is improving, enrollment at the U.H. School of Electrical Engineering has risen sharply in the last year, and the Honolulu Community College has just started a pre-engineering program in addition to building up its science, math and high-technology programs.

Research and development are the foundation from which manufacturing can evolve. Hawaii has made significant strides in some fields as astrophysics, geophysics, agriculture, and ocean sciences. But, Hawaii lags far behind the nation in new product development or new processing procedures for existing products. Total spending on civilian R&D is also below that of most states. The average state spends roughly 2 percent of GSP on civilian R&D, while Hawaii spends less than 1 percent.

The question is how to identify the types of manufacturing which Hawaii is most likely to attract.

Theoretically, the state should attract

employment and jobs in hawaii

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
EMPLOYMENT					
STATE:					
Civilian Labor Force	thous.	Sept.	493.3p	−2.7	1.8
Employment	thous.	Sept.	474.7p	−2.7	2.7
Unemployment	thous.	Sept.	18.6p	−1.1	−16.7
Unemployment Rate	percent	Sept.	3.8p	2.7	−17.4
OAHU:					
Civilian Labor Force	thous.	Sept.	368.3p	−2.9	1.5
Employment	thous.	Sept.	355.5p	−2.9	2.4
Unemployment	thous.	Sept.	12.8p	−0.8	−16.9
Unemployment Rate	percent	Sept.	3.5p	2.9	−16.7
MAUI COUNTY:					
Civilian Labor Force	thous.	Sept.	49.1p	−3.1	2.0
Employment	thous.	Sept.	46.9p	−3.5	2.4
Unemployment	thous.	Sept.	2.2p	7.3	−6.4
Unemployment Rate	percent	Sept.	4.5p	9.8	−8.2
HAWAII:					
Civilian Labor Force	thous.	Sept.	51.4p	−3.0	1.6
Employment	thous.	Sept.	48.7p	−2.6	3.3
Unemployment	thous.	Sept.	2.7p	−10.0	−21.7
Unemployment Rate	percent	Sept.	5.3p	−5.4	−22.1
KAUAI:					
Civilian Labor Force	thous.	Sept.	24.3p	2.3	6.1
Employment	thous.	Sept.	23.4p	2.4	7.8
Unemployment	thous.	Sept.	0.9p	0.0	−21.7
Unemployment Rate	percent	Sept.	3.8p	0.0	−25.5
JOB COUNT BY INDUSTRY					
TOTAL JOBS—STATE	thous.	Sept.	497.3p	−2.1	3.2
SUGAR (Mill and Field)	thous.	Sept.	6.8p	−0.7	−6.2
PINEAPPLE (Cannery and Field)	thous.	Sept.	3.9p	−17.9	6.8
DIVERSIFIED MANUFACTURING (Excluding Sugar and Pineapple)	thous.	Sept.	17.0p	0.3	1.5
Durable Goods	thous.	Sept.	4.2p	2.4	9.1
Non-Durable Goods	thous.	Sept.	12.8p	−0.4	0.0
Apparel and Textiles	thous.	Sept.	2.9p	−1.7	−6.3
DIVERSIFIED AGRICULTURE (Excluding Sugar And Pineapple, but including Agricultural Self-Employed)	thous.	Sept.	9.3p	−1.1	20.6
CONTRACT CONSTRUCTION	thous.	Sept.	21.4p	−1.2	3.9
TRANSPORTATION	thous.	Sept.	24.9p	1.2	1.6
COMMUNICATION	thous.	Sept.	7.0p	−1.4	−0.7
UTILITIES	thous.	Sept.	2.6p	−1.9	1.9
RETAIL TRADE	thous.	Sept.	100.1p	−0.1	2.9
WHOLESALE TRADE	thous.	Sept.	19.6p	−0.5	1.3
FINANCE, INSURANCE AND REAL ESTATE	thous.	Sept.	33.7p	−0.3	2.3
HOTEL SERVICES—STATE	thous.	Sept.	31.7p	2.4	9.1
Oahu	thous.	Sept.	16.9p	−1.5	4.0
Maui County	thous.	Sept.	7.3p	0.0	11.5
Hawaii	thous.	Sept.	3.9p	−1.3	0.0
Kauai	thous.	Sept.	3.6p	40.4	52.1
OTHER SERVICES	thous.	Sept.	93.6p	−0.4	3.9
FEDERAL GOVERNMENT	thous.	Sept.	32.7p	1.4	2.3
Civilian Agencies	thous.	Sept.	12.7p	4.5	8.1
Defense Department	thous.	Sept.	20.0p	−0.5	−1.0
STATE GOVERNMENT	thous.	Sept.	43.3p	−6.7	2.2
COUNTY GOVERNMENT	thous.	Sept.	13.2p	−13.1	−1.9
NON-AGRICULTURE SELF-EMPLOYED	thous.	Sept.	36.0p	−12.2	3.2
UNEMPLOYMENT INSURANCE					
INSURED UNEMPLOYMENT (Weekly Average)	number	Sept.	7,176	−9.8	−18.5
INTRASTATE INITIAL CLAIMS	number	Jan.-Sept.	41,025	.....	−11.9
INTERSTATE INITIAL CLAIMS	number	Jan.-Sept.	2,535	.....	−15.7
UNEMPLOYMENT INSURANCE BENEFITS	thous. $	Jan.-Sept.	37,799	.....	−14.4

p=preliminary.
*Count of recipients is duplicated. A person may be counted in each category.

public assistance in hawaii

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
PUBLIC ASSISTANCE					
INCOME MAINTENANCE:					
Recipients[1]	no./persons	Sept.	48,491	−1.6	−6.3
Payments	thous. $	Jan.-Sept.	65,003	.....	−5.8
MEDICAL ASSISTANCE:					
Recipients[1]	no./patients	Oct.	46,994	15.9	−10.9
Payments	thous. $	Jan.-Oct.	137,631	.....	0.5
FOOD STAMPS:					
Recipients[1]	no./persons	Aug.	83,554	1.1	−7.9
Payments	thous. $	Jan.-Aug.	56,521	.....	−4.5
SERVICES:					
Recipients[1]	no./cases	2nd Qtr.	7,729	3.2	−7.2
Payments	thous. $	2nd Qtr.	4,878	.....	11.5

[1]Count of recipients is duplicated. A person may be counted in each category.

banking and finance in hawaii

FINANCE					
COMMERCIAL BANK DEPOSITS:					
STATE:					
Total Deposits	mil. $	Oct.	9,228.5	3.1	15.3
Debits To Demand Deposits	mil. $	Jan.-Oct.	101,406.2	.....	14.2
OAHU:					
Total Deposits	mil. $	Oct.	7,715.9	3.2	16.0
Debits To Demand Deposits	mil. $	Jan.-Oct.	91,899.6	.....	14.6
MAUI COUNTY:					
Total Deposits	mil. $	Oct.	589.3	3.5	13.2
Debits To Demand Deposits	mil. $	Jan.-Oct.	4,149.8	.....	16.8
HAWAII:					
Total Deposits	mil. $	Oct.	632.0	2.8	11.0
Debits To Demand Deposits	mil. $	Jan.-Oct.	3,622.7	.....	11.2
KAUAI:					
Total Deposits	mil. $	Oct.	291.3	0.8	11.0
Debits To Demand Deposits	mil. $	Jan.-Oct.	1,734.2	.....	16.9
BANK LOANS OUTSTANDING—STATE[1]	mil. $	3rd Qtr.	5,479.7	1.3	19.9
Real Estate	mil. $	3rd Qtr.	2,413.7	2.7	20.5
Consumer	mil. $	3rd Qtr.	1,048.1	1.1	−1.8
Commercial & Industrial	mil. $	3rd Qtr.	1,625.9	2.5	21.4
Other	mil. $	3rd Qtr.	282.8	3.6	3.1
CONVENTIONAL HOME MORTGAGE RATES: HONOLULU SAVINGS & LOAN ASSOCIATIONS[1]	percent	Oct.	11.0	2.8	8.9
TOTAL DEPOSITS	mil. $	Aug.	3,580.0	0.3	0.1
TOTAL LOANS	mil. $	Aug.	122.8	17.2	na
MORTGAGE LOANS	mil. $	Aug.	109.8	19.1	9.1
TAX COLLECTIONS:[2]					
STATE	thous. $	Jan.-Oct.	1,595,622	.....	15.2
Oahu	thous. $	Jan.-Oct.	1,373,635	.....	15.7
Maui County	thous. $	Jan.-Oct.	97,116	.....	15.5
Hawaii	thous. $	Jan.-Oct.	86,506	.....	12.7
Kauai	thous. $	Jan.-Oct.	38,462	.....	4.4

[1]Figures contain domestic balances only.
[2]Includes Hawaii and Guam. Reporting categories changed in July, 1985.

high value-added manufacturing utilizing high-levels of technology and specialized labor. Manufacturing of precision electronic products such as computers, televisions, stereos, and cameras, requires capital intensive high-technology equipment and technically trained labor for their production. These inputs add higher value to products as opposed to products which do not require such inputs. For example, the manufacturing of concrete blocks requires little in the way of high-technology and specialized labor and is therefore regarded as low value-added manufacturing.

This may be a good time to attract high value-added manufacturing to Hawaii, not from the mainland, but from the Pacific Rim countries. Countries such as Japan, Korea, Taiwan, and Malaysia are sincerely interested in locating high-tech assembly, packaging, and shipping operations to the U.S. to offset their trade surpluses with the United States. Hawaii's strategic location combined with an appealing high-tech manufacturing climate could put the state in a good position to draw that type of industry here.

Another possibility is the cultivation of Hawaii's strengths in natural resources and labor to develop new marketable products and processing procedures. For example, Hawaii's ocean mining industry has tremendous long-term potential for mineral processing and new-product development.

Hawaii is in a unique position to subsidize its manufacturing incentives because of its large tourism income base. Many depressed areas throughout the U.S. and the world are not in such a financially strong position to offer such incentives, but they still do.

A number of different policy approaches are available to the state government, including: venture capital; technical and managerial assistance; market-development support; the provision of skilled labor; and tax and business-cost incentives.

One approach is the development of an "enterprise zone," which is a designated area in which exemptions from excise taxes, red tape in business start-ups, and credits on taxes and insurance would be offered.

If the state and counties made a concerted effort to increase their competitiveness and spent even a fraction of their available resources on developing aggressive business-development policies, and workable enterprise zones, there is no reason why high-wage, high value-added industries could not flourish in Hawaii.

ECONOMIC INDICATORS

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by the Research Department, First Hawaiian Bank
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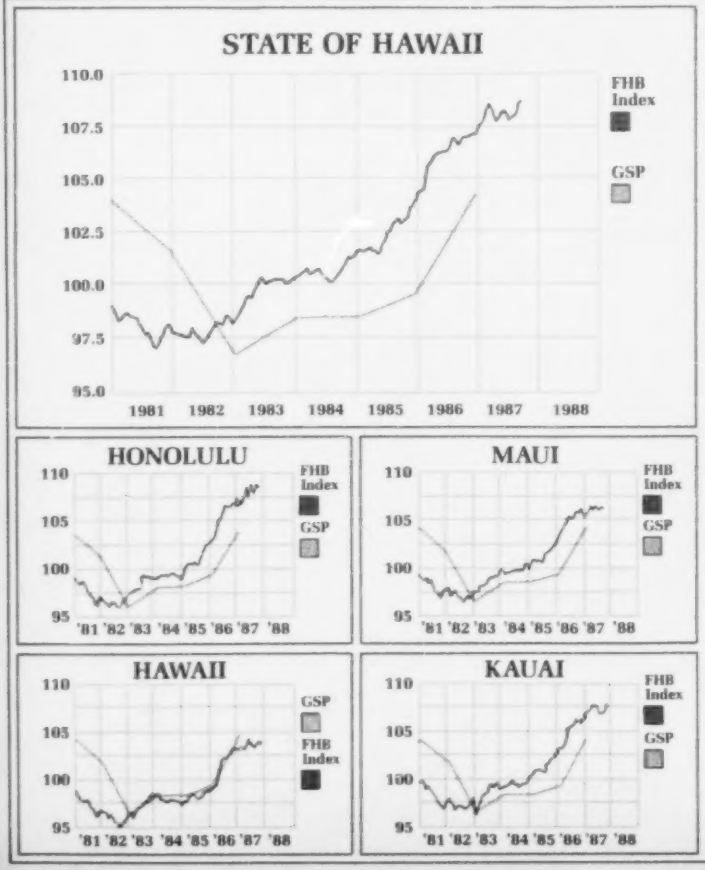

FIRST HAWAIIAN BANK INDEX OF LEADING ECONOMIC INDICATORS

The First Hawaiian Bank Index of Leading Economic Indicators, through the third quarter of 1987, recorded a net gain of 0.9 percent from year-end 1986. Economic growth statewide should see moderate improvement over the next six months. The five base index components showed a decline in the average prime rate, consumer price index, and average workweek hours, while Hawaii stock and Federal money supply indexes recorded gains. Three of the four county indexes showed moderate but stable growth rates ahead. Honolulu realized gains in building permits, public contracts awarded, and visitor counts, while employment, workweek hours, and credit demand suffered slight declines. Maui saw substantial gains in public contracts awarded and visitor counts, but declines in employment, credit demand, and building permits. On the Big Isle, only building permits were up slightly from the previous month, pushing the Hawaii county index into a negative growth projection for the next six months. For Kauai, all the components showed positive gains with only the unemployment index showing a decline.

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ECONOMIC INDICATORS

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Revitalizing Honolulu's Waterfront

After years of being overlooked, Honolulu's waterfront is being recognized for its vast development potential. The state, following the successes of several Mainland cities, is pushing for a revitalization of Honolulu's shoreline. The potential benefits of such a project could be enormous. A fully developed waterfront area could confirm Honolulu as the premier metropolitan center of the Pacific, create an entirely new urban character for Honolulu, and provide a major stimulus to the economy of Hawaii.

The 346-acre area under consideration stretches from Ala Moana Beach Park to the Honolulu Harbor up to Pier 21, with Ala Moana Boulevard and Nimitz Highway as the mauka boundaries. Over half of this land is being used for waterfront and light industrial activities. Another 35 percent is park land, while six percent remain vacant, unused parcels or structures. Most of the land is state owned.

A recent effort by Governor Waihee to involve public and private agencies in the design of the waterfront area produced three different approaches for the use of the waterfront land. One option favors the construction of a convention center with a 4,000 seat auditorium and a 200,000 square foot exhibition hall. Hotels, adding another 1,500 rooms to Oahu's inventory, would be built to accommodate those using the convention facility. Another option envisions more of a residential and open-space type development with approximately two to six million square feet of housing as well as additional park land. The third option favors commercial development. A cluster of high rise buildings would double Honolulu's downtown commercial/office space by adding another 10 to 11 million square feet to that already existing.

Despite their differences, these approaches also have much in common. All three plans emphasize the development of the 210-acre parcel of land between Kewalo Basin and the Aloha Tower. Improvements to this area would involve extensive dredging and filling to reshape the shoreline. The Hawaii Community Development Authority (HCDA) would oversee its development.

Another emphasis is the development of maritime facilities in the harbor for interisland and commuter ferries, as well as for passenger liners. Expansion of shipping facilities is also a priority. One possibility includes the State Department of Transportation buying the Kapalama Military Reservation from the federal government to increase the harbor's capacity.

Another important aspect is the development of a mix of activities that would appeal to the local community as well as visitors. Cultural exhibits, ethnic museums, and an aquarium have been worked into the different plans; they would accompany the residential units in the area to make them more appealing to the local community. A shoreline market similar to those in Baltimore and New York would act as another attraction for residents. Park land offering fishing and swimming opportunities is expected to please those seeking outdoor activities.

One important issue will be the need to develop a whole new road and mass transit system to service the increased traffic demands generated by the development.

The project will also require enormous filling and digging that could alter the ecosystem of the coastline. Unforeseen environmental issues such as disruptions of the marine environment, or the threatening of endangered species could result. While it is impossible to know what issues will arise, the need to minimize environmental disruptions is obvious.

If these issues are handled successfully, the new waterfront could help meet Honolulu's need for additional housing, recreational space, and cultural facilities. Expanding the harbor will accommodate increased shipping activity that will accompany the growth of the Hawaiian economy. The waterfront's appeal could also stimulate future economic growth in the area by attracting investment and business from abroad. In doing so, it will contribute to Hawaii's role as the commercial hub of the Pacific.

Tapping the growth potential of the Honolulu waterfront is long overdue. Given the efforts of Governor Waihee to start the project, careful planning and perseverance are required to make the most of this resource. While the development plans will take years to implement, they will provide a major stimulus to the local economy, substantially improve the urban design character of Honolulu, and reassert the appeal of downtown Honolulu as a gathering place for both visitors and local residents, alike. In doing so, it will increase the stature of Honolulu as the metropolitan center of the Pacific, and Hawaii's overall importance in the Pacific region.

FIRST HAWAIIAN BANK
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JANUARY/FEBRUARY FEATURE STORY: HAWAII'S INTERISLAND SHIPPING INDUSTRY

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CURRENT BUSINESS TRENDS

November proved to be positive for business in Hawaii, as a re-energized visitor industry and steady growth in construction fueled the economy.

Cumulative gross business receipts for the first 11 months of 1987 came to $27 billion, 13 percent over 1986. Oahu and Hawaii led the way with 14- and 17-percent increases, respectively. Maui and Kauai, with cumulative totals of $1.7 billion and $711 million, experienced more moderate 4-percent increases over last year.

Impressive gains in state tax collections accompanied these increases in November business receipts. Taxes collected through November, of $1.7 billion, were growing by 16 percent over 1986. Kauai is the only county that is not matching or surpassing last year's growth in tax collections.

Employment figures also indicate a healthy economy. Employment growth has been greater than increases in the civilian labor force on all islands. As a result, unemployment has dropped drastically. Oahu had the lowest 11-month cumulative unemployment rate in the state of 3.6 percent. Kauai's cumulative unemployment rate fell to 4.4 percent, and Maui was right behind at 4.5 percent. The Big Island still suffers from a relatively high unemployment rate of 6 percent, but its decline paralleled those on the other islands.

Hawaii is one of the few states at or near full employment. As of November, the state unemployment rate stood at 4 percent, with 21 percent fewer unemployed workers than last year. Wages, however, have not yet seen the kind of escalation that is occurring in other cities across the country.

Innovative ideas are alleviating some of the hiring pressure in some of the more critical areas. For example, West Maui employers are hiring Molokai residents. The new Molokai-to-Maui interisland ferry offers a convenient link between West Maui businesses facing a tight labor market, and Molokai, with its notoriously high unemployment rate.

Tourism is doing its part to spark the economy despite the October stock market crash. After a slow second half of the year the visitor industry rebounded in the last months of 1987. As of November, total visitors staying overnight or longer came to 5.3 million people, up by 4 percent. That puts the visitor growth rate back into the 3 to 5 percent growth range forecast of the HVB. December is traditionally a stronger month than November, so it is likely that the visitor count will finish up the year in this range.

The pickup in the visitor count can be attributed to the strong eastbound market, particularly Japan. (The millionth Japanese visitor was welcomed to the islands in November.) The eastbound market is 18 percent ahead of last year, showing the biggest increase since 1984. The westbound market showed continued weakness through November with the cumulative visitor count one percent lower than in 1986.

Island totals for westbound visitors showed mixed results through November. Oahu and Maui visitor counts declined by 2 and 4 percent, respectively. Hawaii County saw 2 percent more visitors than last year. Kauai is headed for its second year of hosting more than a million people, with the cumulative total through November 3 percent higher than last year at 960,860.

Hotel occupancy rates have not reflected this growth in visitors. For the state, the cumulative occupancy rate through November was the same as it was in 1986 at 82 percent. Of the four major islands, only Oahu increased over last year. Oahu's 88 percent was the highest in the state, and 2 percent greater than the 1986 January-to-November figure. Maui suffered the most in 1987. The 11-month cumulative average of 78 percent was 8 percent lower than that in 1986: the lowest cumulative occupancy rate since 1983, when it was 76 percent. Kauai and the Big Island endured less severe reductions of 2 and 3 percent, respectively.

Construction continued at a rapid pace through November, especially on the Big Island and Kauai. Big Island construction in 1987 is having the type of year that the other islands had in 1986. A total of $119 million of construction was put in place through November. That is a 34-percent increase over 1986. Cumulative totals have in-

u. s. economic indicators

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
GROSS NATIONAL PRODUCT**					
In Current Dollars	bil. $	3rd Qtr.	4,524 r	1.8	6.0
In 1982 Dollars	bil. $	3rd Qtr.	3,836 r	1.1	3.2
PERSONAL INCOME**	bil. $	Nov.	3,834p	−0.4	6.8
INTEREST RATES					
AVERAGE PRIME RATE	percent	Dec.	8.75	−0.3	16.7
CONSTRUCTION					
CONSTRUCTION PUT IN PLACE**	bil. $	Oct.	407.9p	−0.5	3.3
CONSTRUCTION COST INDEXES:					
Residences	1967 = 100	Sept.	374.8	0.5'	1.6
Apts., Hotels, Office Bldgs.	1967 = 100	Sept.	372.3	0.4'	1.6
EMPLOYMENT					
CIVILIAN EMPLOYMENT*	thous.	Nov.	113,500	0.3	2.8
UNEMPLOYMENT*	thous.	Nov.	7,116	−0.8	−13.7
UNEMPLOYMENT RATE*	percent	Nov.	5.9	−1.7	−14.5
PRICES					
CONSUMER PRICE INDEXES:					
Wage Earners and Clerical Workers	1967 = 100	Nov.	340.4	0.1	4.6
All Urban Consumers	1967 = 100	Nov.	345.8	0.1	4.5
PRODUCER PRICE INDEXES:					
Finished Goods*	1967 = 100	Nov.	297.6	0.0	2.5
All Commodities	1967 = 100	Oct.	311.4	0.3	4.4

r = revised.
p = preliminary.
'Compared to July, 1987.
*Seasonally adjusted.
**Seasonally adjusted at annual rates.

business activity in hawaii

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
BUSINESS SALES					
GROSS BUSINESS RECEIPTS:					
STATE	mil. $	Jan.-Nov.	27,188.3	.....	13.3
Oahu	mil. $	Jan.-Nov.	22,957.7	.....	14.0
Maui County	mil. $	Jan.-Nov.	1,749.2	.....	4.4
Hawaii	mil. $	Jan.-Nov.	1,770.4	.....	17.5
Kauai	mil. $	Jan.-Nov.	711.0	.....	4.2
DIVERSIFIED MANUFACTURING	mil. $	Jan.-Nov.	544.5	.....	5.8
DIVERSIFIED AGRICULTURE	mil. $	Jan.-Nov.	243.8	.....	6.7
RETAILING	mil. $	Jan.-Nov.	9,617.1	.....	10.7
WHOLESALING	mil. $	Jan.-Nov.	6,712.7	.....	15.5
SERVICES	mil. $	Jan.-Nov.	6,476.4	.....	12.2
OAHU NEW CAR SALES	number	Nov.	4,369p	.....	32.2
HONOLULU PRICES					
HONOLULU CONSUMER PRICE INDEX					
Wage Earners and Clerical Workers	1967 = 100	Nov.	325.2e	0.0'	4.7
All Urban Consumers	1967 = 100	Nov.	317.9e	−0.2'	4.6
TOURISM					
VISITOR EXPENDITURES	mil. $	1986	5,550p	.....	13.6
OVERNIGHT OR LONGER VISITORS	number	Nov.	459,340p	−2.2	5.7
	number	Jan.-Nov.	5,300,030p	.....	3.7
Westbound	number	Nov.	338,060p	−2.5	2.1
	number	Jan.-Nov.	3,869,250p	.....	−0.7
Eastbound	number	Nov.	121,280p	−1.4	17.4
	number	Jan.-Nov.	1,430,780p	.....	17.8
AVERAGE DAILY VISITOR CENSUS	number	Jan.-Nov.	116,340p	.....	−0.2
AVERAGE LENGTH OF STAY	no. of days	Jan.-Nov.	10.0p	.....	0.0
MEETING ATTENDANCE	number	Jan.-Nov.	301,395	.....	34.0
ORGANIZED GROUP TOURS	number	Jan.-Nov.	700,830p	.....	−11.2
VISITOR COUNT BY COUNTY*					
Oahu	number	Nov.	244,410p	−5.0	1.3
	number	Jan.-Nov.	2,840,360p	.....	−1.6
Maui County	number	Nov.	158,720p	−2.7	−0.9
	number	Jan.-Nov.	1,769,960p	.....	−4.2
Hawaii	number	Nov.	59,490p	−9.3	1.9
	number	Jan.-Nov.	722,280p	.....	1.6
Kauai	number	Nov.	79,940p	−14.0	3.1
	number	Jan.-Nov.	960,860p	.....	3.2

p = preliminary.
e = estimated.
'Compared to October, 1987.
*Estimated Westbound

business activity in hawaii [cont.]

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
VISITOR ACCOMMODATIONS					
STATE	number	Feb., 1987	65,318	.....	−1.5
Oahu	number	Feb., 1987	38,815	.....	−0.5
Waikiki	number	Feb., 1987	34,014	.....	−1.8
Maui (Island)	number	Feb., 1987	13,264	.....	−1.4
Molokai	number	Feb., 1987	575	.....	−9.4
Lanai	number	Feb., 1987	10	.....	0.0
Hawaii	number	Feb., 1987	7,328	.....	0.7
Kauai	number	Feb., 1987	5,956	.....	0.6
HOTEL OCCUPANCY					
STATE	percent	Nov.	81.3	0.2	1.0
		Jan.-Nov.	82.1	.....	0.0
Oahu	percent	Nov.	86.8	1.4	3.1
		Jan.-Nov.	87.6	.....	2.0
Maui (Island)	percent	Nov.	78.0	−0.1	−5.2
		Jan.-Nov.	77.5	.....	−8.0
Hawaii	percent	Nov.	60.6	−1.3	−2.1
		Jan.-Nov.	61.6	.....	−1.6
Kauai	percent	Nov.	71.9	−9.1	−5.8
		Jan.-Nov.	76.0	.....	−2.8
DEFENSE EXPENDITURES					
APPROPRIATED FUNDS TOTAL	mil. $	Yr. to 3rd Qtr.	1,469.4	.....	4.2
Military Payroll	mil. $	Yr. to 3rd Qtr.	649.7	.....	4.0
Civilian Payroll	mil. $	Yr. to 3rd Qtr.	448.8	.....	−1.4
Local Purchases	mil. $	Yr. to 3rd Qtr.	370.9	.....	12.3
SUGAR					
VALUE OF CROP SALES					
(Unprocessed Cane)	mil. $	1986	233.8	.....	5.1
SUGAR PRODUCTION	thous. tons	Jan.-Nov.	935.3	.....	−6.6
AVERAGE N. Y. RAW SUGAR PRICE	$/ton	Jan.-Nov.	436.8p	.....	4.6
PINEAPPLE					
VALUE OF CROP SALES					
(Fresh Equivalent)	thous. $	1986	99.7	.....	10.1
SHIPMENTS: FRESH	thous. lbs.	Jan.-Nov.	215.6	.....	−2.9
DIVERSIFIED AGRICULTURE					
CROPS	thous. $	1986	147,734	.....	11.4
FLOWERS & NURSERY PRODUCTS	thous. $	1986	49,094	.....	11.2
Anthurium Outshipments*	th. dozens	Jan.-Oct.	1,292.7	.....	−15.2
Potted Foliage Plants	thous. $	1986	12,931	.....	7.6
FRUITS & NUTS	thous. $	1986	51,806	.....	19.8
Papaya Sales	th. lbs.	Jan.-Nov.	50,405	.....	10.2
Average Farm Price	cents/lb.	Nov.	15.0	7.1	3.4
Macadamia Nut Sales (in shell)	th. lbs.	1986	44,000	.....	4.8
Average Farm Price	cents/lb.	1986	80.0	.....	10.3
VEGETABLES AND MELONS*	th. lbs.	Jan.-Nov.	63,417p	.....	−0.1
LIVESTOCK	thous. $	1986	83,429	.....	0.7
BEEF PRODUCTION (Dressed Wt.)	th. lbs.	Jan.-Oct.	28,315	.....	3.2
Average Farm Price (Feedlot Beef)	cents/lb.	Oct.	87.5	0.6	7.4
HOG PRODUCTION (Dressed Wt.)	th. lbs.	Jan.-Oct.	5,269	.....	0.2
Average Farm Price	cents/lb.	Nov.	105.0	1.4	1.4
MILK PRODUCTION	mil. lbs.	Jan.-Nov.	143.1	.....	0.4
Average Price Sold to Plants	$/100 lbs.	Nov.	21.01	0.0	1.6
EGG PRODUCTION	mil.	Jan.-Nov.	203.9	.....	−2.0
Average Farm Price	cents/doz.	Nov.	79.0	0.0	11.3
PUBLIC UTILITIES					
ELECTRICITY GENERATED	mil. kwh.	Jan.-Nov.	7,067	.....	3.3
GAS SALES	th. therms.	Jan.-Nov.	45,825	.....	3.8
TELEPHONE LINES IN SERVICE	thous.	Nov.	502.3	.....	5.1

p = preliminary.
*From Hawaii County.
*Includes snap beans, cabbage, celery, sweet corn, cucumbers, onions, green peppers, tomatoes, and watermelons.

creased over 1986 by 26 percent or more for the entire year. Kauai started the year off slowly, but has picked up momentum. Cumulative totals show construction-put-in-place coming to $43 million, up by 32 percent. Oahu and Maui have seen more moderate rates of growth. Cumulative totals come to $1.7 billion for Oahu and $96 million for Maui, 19 and 14 percent greater than last year. The state total of $2 billion, up 20 percent from 1986, indicates construction is still doing well, but leveling off from the spectacular rates of growth in 1986.

Government construction, as measured by public contracts awarded, is also slowing down in 1987. Cumulative totals for the state show November's $353 million worth of contracts 14 percent less than in 1986. Oahu, Maui, and Hawaii have seen reductions of 9, 57, and 10 percent in government-sponsored construction. Kauai is the only county where public contracts have increased over 1986, doing so by 60 percent. Of the three levels of government, federal, state, and county, only the federal government is pumping more money into the local construction industry. Cumulative federal expenditures are up 5 percent, while state and county spending are down by 21 and 19 percent from last year.

Military expenditures surged ahead of last year. After lackluster first and second quarters, military spending increased by 4 percent in the third quarter due to a 12-percent rise in local purchases by the military. This is a complete about-face from the first quarter when local purchases were down by 13 percent. Expenditures on military payroll have continued to rise in 1987. Third-quarter spending increased by 4 percent over last year. Civilian payroll has not switched direction, however, decreasing by 1 percent below 1986.

The agricultural sector spanned the performance spectrum in November. The sugar industry is hanging by a thread as sugar-subsidy opponents continue to protest the government-set price of approximately 21 cents per pound. Local growers have had a disappointing year with production, through November, down by 7 percent from 1986. Fresh pineapple shipments are also down by 3 percent. After a year of strong growth in 1986, anthurium growers suffered setbacks in 1987. The cumulative total through October is 15 percent below what it was in 1986. Vegetable and melon production has been flat through November. Papaya growers have seen their total sales increase by 10 percent, and the average price by 3 percent, over the previous year.

business activity in hawaii [cont.]

Series		Unit	Period	Number	Percent Change preceding period	Percent Change year ago
CONSTRUCTION PUT IN PLACE						
STATE		mil. $	Jan.-Nov.	1,997.9	.....	20.0
Oahu		mil. $	Jan.-Nov.	1,739.7	.....	19.2
Maui County		thous. $	Jan.-Nov.	96,387	.....	13.9
Hawaii		thous. $	Jan.-Nov.	118,947	.....	34.4
Kauai		thous. $	Jan.-Nov.	42,901	.....	32.0
HONOLULU CONSTRUCTION COST INDEXES						
SINGLE FAMILY		1967 = 100	Dec.	387.1	1.3	4.0
HIGH-RISE		1967 = 100	Dec.	392.8	0.4	2.2
PRIVATE PERMITS AUTHORIZED						
STATE:	RESIDENTIAL	thous. $	Jan.-Sept.	506,005	.....	19.2
	Single Family Units	number	Jan.-Sept.	4,648	.....	37.5
	Multiple Family Units	number	Jan.-Sept.	993	.....	−54.4
	NONRESIDENTIAL	thous. $	Jan.-Sept.	276,424	.....	−29.7
OAHU:	RESIDENTIAL	thous. $	Jan.-Nov.	368,244	.....	19.8
	Single Family Units	number	Jan.-Nov.	2,610	.....	41.5
	Multiple Family Units	number	Jan.-Nov.	537	.....	−73.5
	NONRESIDENTIAL	thous. $	Jan.-Nov.	283,847	.....	56.6
MAUI CO.:	RESIDENTIAL	thous. $	Jan.-Sept.	81,128	.....	4.7
	Single Family Units	number	Jan.-Sept.	876	.....	24.3
	Multiple Family Units	number	Jan.-Sept.	472	.....	159.3
	NONRESIDENTIAL	thous. $	Jan.-Sept.	45,412	.....	23.8
HAWAII:	RESIDENTIAL	thous. $	Jan.-Nov.	93,576	.....	47.0
	Single Family Units	number	Jan.-Nov.	1,272	.....	23.7
	Multiple Family Units	number	Jan.-Nov.	200	.....	412.8
	NONRESIDENTIAL	thous. $	Jan.-Nov.	37,262	.....	−76.9
KAUAI:	RESIDENTIAL	thous. $	Jan.-Nov.	58,603	.....	56.1
	Single Family Units	number	Jan.-Nov.	546	.....	42.2
	Multiple Family Units	number	Jan.-Nov.	3	.....	50.0
	NONRESIDENTIAL	thous. $	Jan.-Nov.	38,478	.....	−23.1
PUBLIC CONTRACTS AWARDED						
TOTAL GOVERNMENT PROJECTS:						
STATE		thous. $	Jan.-Nov.	353,367	.....	−14.1
Oahu		thous. $	Jan.-Nov.	276,844	.....	−9.4
Maui County		thous. $	Jan.-Nov.	24,954	.....	−57.2
Hawaii		thous. $	Jan.-Nov.	30,798	.....	−10.2
Kauai		thous. $	Jan.-Nov.	20,773	.....	60.0
BY LEVEL OF GOVERNMENT:						
Federal		thous. $	Jan.-Nov.	106,892	.....	4.7
State		thous. $	Jan.-Nov.	159,547	.....	−20.7
County		thous. $	Jan.-Nov.	87,017	.....	−19.4
REAL ESTATE RESALES						
STATE:	Single Family	number	Jan.-Nov.	3,714	.....	20.0
	Average Price	dollars	Jan.-Nov.	237,165	.....	28.6
	Condominium	number	Jan.-Nov.	5,413	.....	45.4
	Average Price	dollars	Jan.-Nov.	127,036	.....	12.7
OAHU:	Single Family	number	Jan.-Nov.	2,549	.....	20.4
	Average Price	dollars	Jan.-Nov.	278,023	.....	33.4
	Condominium	number	Jan.-Nov.	4,210	.....	46.4
	Average Price	dollars	Jan.-Nov.	124,597	.....	15.9
MAUI CO.:	Single Family	number	Jan.-Nov.	418	.....	17.7
	Average Price	dollars	Jan.-Nov.	192,736	.....	9.9
	Condominium	number	Jan.-Nov.	812	.....	37.6
	Average Price	dollars	Jan.-Nov.	144,972	.....	0.4
HAWAII:	Single Family	number	Jan.-Nov.	583	.....	19.5
	Average Price	dollars	Jan.-Nov.	114,352	.....	15.2
	Condominium	number	Jan.-Nov.	186	.....	63.2
	Average Price	dollars	Jan.-Nov.	122,772	.....	20.4
KAUAI:	Single Family	number	Jan.-Nov.	168	.....	25.4
	Average Price	dollars	Jan.-Nov.	148,409	.....	6.5
	Condominium	number	Jan.-Nov.	196	.....	38.0
	Average Price	dollars	Jan.-Nov.	123,557	.....	24.6

n.a. = not available.

population in hawaii

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
POPULATION					
STATE:					
Total De Facto Population	thous.	July 1, 1986	1,178.8	.....	2.3
Total Resident Population	thous.	July 1, 1986	1,062.3	.....	0.9
OAHU:					
Total De Facto Population	thous.	July 1, 1986	877.3	.....	1.4
Total Resident Population	thous.	July 1, 1986	816.7	.....	0.3
MAUI COUNTY:					
Total De Facto Population	thous.	July 1, 1986	110.0	.....	−4.8
Total Resident Population	thous.	July 1, 1986	87.6	.....	2.7
HAWAII:					
Total De Facto Population	thous.	July 1, 1986	120.0	.....	3.6
Total Resident Population	thous.	July 1, 1986	111.8	.....	2.4
KAUAI:					
Total De Facto Population	thous.	July 1, 1986	60.3	.....	8.5
Total Resident Population	thous.	July 1, 1986	46.4	.....	3.6
CIVILIAN RESIDENT POPULATION:					
STATE	thous.	July 1, 1986	1,004.2	.....	0.7
MILITARY PERSONNEL:					
STATE	number	July 1, 1986	58,584	.....	1.0
Ashore	number	July 1, 1986	53,616	.....	−0.4
Afloat	number	July 1, 1986	4,968	.....	19.5
CIVILIAN MILITARY DEPENDENTS	number	July 1, 1986	66,210	.....	3.0
FOREIGN IMMIGRATION*	number	Jan.-Nov.	5,054	.....	−2.6

p = preliminary.
*Includes only those entering Honolulu ports and does not include status changes.

income in hawaii

INCOME					
TOTAL PERSONAL INCOME**	mil. $	2nd Qtr.	16,870p	2.2	8.9
EMPLOYMENT INCOME*	mil. $	2nd Qtr.	12,726p	2.4	8.0
Manufacturing	mil. $	2nd Qtr.	570p	1.2	5.9
Construction & Mining	mil. $	2nd Qtr.	914p	2.0	18.4
Wholesale	mil. $	2nd Qtr.	495p	2.3	8.8
Retail	mil. $	2nd Qtr.	1,481p	2.3	14.7
Finance, Ins., & Real Estate	mil. $	2nd Qtr.	941p	2.2	13.0
Trans., Comm., & Util.	mil. $	2nd Qtr.	1,096p	6.2	14.4
Services	mil. $	2nd Qtr.	3,114p	2.9	6.5
Farm & Other	mil. $	2nd Qtr.	453p	14.4	7.3
Federal Civilian	mil. $	2nd Qtr.	970p	0.5	−0.8
Federal Military	mil. $	2nd Qtr.	1,345p	0.5	−0.3
State & Local	mil. $	2nd Qtr.	1,395p	2.6	11.2
PROPERTY INCOME (Dividends, Interest, & Rent)	mil. $	2nd Qtr.	2,422p	1.0	6.4
TRANSFER PAYMENTS (2,514) minus Personal Contributions for Social Insurance (791)	mil. $	2nd Qtr.	1,723p	2.4	20.5
PER CAPITA PERSONAL INCOME:					
STATE	dollars	1986	14,691	.....	6.1
Oahu	dollars	1984	13,709	.....	5.7
Maui County	dollars	1984	11,611	.....	5.9
Hawaii	dollars	1984	9,998	.....	5.2
Kauai	dollars	1984	10,564	.....	6.9

**Total personal income and all components are seasonally adjusted at annual rates.
*Includes wage and salary disbursements, proprietors' income, and other labor income.
p = preliminary.

FIRST HAWAIIAN BANK
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HAWAII'S INTERISLAND SHIPPING INDUSTRY

Commercial shipping to the Hawaiian Islands began soon after Captain Cook's arrival in 1778. But, Hawaii's shipping industry did not get under way until the late eighteen hundreds, when William Matson sailed into Hilo harbor to pick up a load of sugar for refining in California.

The sugar industry fueled early shipping industry growth until the turn of the century. Hawaii's growing population increased the demand for goods from overseas. Soon airplanes made their way to Hawaii, bringing more people, and further increasing the demand for imported goods.

Today, roughly 85 percent of all the State's commodities are imported, making efficient and reliable cargo transportation the backbone of Hawaii's economy. Hawaii's large population, limited resources, and isolation, roughly 2,500 miles from its nearest trading market, make it one of the most import-dependent regions on earth.

Hawaii relies on two primary modes of cargo transportation, surface and air. The system has two types of movements, overseas (including domestic and foreign) and interisland (including local traffic and transshipments). Surface or waterborne transportation dominates the cargo distribution system with over 95 percent of Hawaii's overseas cargo and 98 percent of interisland cargo.

Freight moves between the islands in basically four different ways: (1) air cargo services by interisland airlines and air cargo contract carriers; (2) barge service between the five largest islands; (3) ocean freight services by private and contract carriers; and (4) transshipment service by the Matson Navigation Company, where containers arriving from the mainland are unloaded in Honolulu and transshipped to the neighbor islands.

In the last five years, Hawaii's four major islands have grown significantly: population has grown by 10 percent; the number of visitors has increased by 32 percent; and construction has expanded by 57 percent. However, given this increasing demand for cargo services to and among the Hawaiian Islands, the growth in interisland shipping has not kept pace. One of the main reasons is the dominance that Honolulu exerts on the entire state cargo distribution system. The latest available data show that roughly 95 percent of overseas in and outbound cargo goes through Honolulu. Virtually all cargo destined for the neighbor islands must be transshipped through the Honolulu gateway. This

tends to increase costs further than they might be if direct access to the neighbor islands were available.

However, because it is not presently economically feasible to construct deep-water ports and cargo handling facilities on the neighbor islands, the predominate utilization of Honolulu as the primary gateway is the most efficient method of overseas cargo receiving and distribution. The scheduled flow of cargo to and from the mainland to Honolulu reduces terminal costs and the need for long-term warehousing of non-perishable goods.

However, given the rapid economic growth of the neighbor islands, increasing state population, and increasing congestion in Honolulu Harbor, the time may be approaching when serious consideration should be given to the feasibility of constructing cargo handling facilities on the neighbor islands.

Another characteristic of Hawaii's overseas and interisland cargo distribution system is its dependence on an air transportation system that is primarily designed to carry people and not commodities. Aircraft deployed in the system are not ideally suited for the efficient transportation of cargo. Services, which are geared to the passenger market, are not designed to meet the different and specialized needs of cargo markets. Between 1983 and 1986, air cargo capacity between Honolulu and the major neighbor islands increased by only 3 percent per year, compared to the growth in interisland air cargo demand of 10 percent per year.

In comparison to the air transportation, Hawaii's interisland barge services are more infrequent and more concentrated in terms of services to and from Honolulu. Direct barge service links between the neighbor islands are virtually nonexistent. Shipments occur twice or thrice weekly. This imposes delays on the movement of cargo. Added to the greater risk of loss and damage, the result is a system of limited utility and cost efficiency.

Several studies commissioned by the State legislature concluded that the present cargo transportation system inhibits the marketing of Hawaii's agricultural products. The ability to deliver a better (fresher) product to distant markets could, in and of itself, stimulate and expand demand for Hawaii's agricultural products.

Shippers "pay" for these cargo transportation inadequacies through high costs and inconvenient shipping and arrival times. They also must absorb higher warehousing, packaging, repacking, security, and time-related

employment and jobs in hawaii

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
EMPLOYMENT					
STATE:					
Civilian Labor Force	thous.	Nov.	507.7p	0.9	2.5
Employment	thous.	Nov.	488.6p	1.0	3.4
Unemployment	thous.	Nov.	19.1p	−15.5	−14.7
Unemployment Rate	percent	Nov.	3.8p	0.0	−17.4
OAHU:					
Civilian Labor Force	thous.	Nov.	381.2p	1.0	2.5
Employment	thous.	Nov.	368.7p	1.2	3.5
Unemployment	thous.	Nov.	12.2p	−6.9	−22.8
Unemployment Rate	percent	Nov.	3.3p	−5.7	−23.3
MAUI COUNTY:					
Civilian Labor Force	thous.	Nov.	50.0p	1.0	1.8
Employment	thous.	Nov.	47.5p	0.4	1.5
Unemployment	thous.	Nov.	2.6p	18.2	13.0
Unemployment Rate	percent	Nov.	5.1p	15.9	8.5
HAWAII:					
Civilian Labor Force	thous.	Nov.	51.3p	−0.6	0.6
Employment	thous.	Nov.	48.6p	−0.8	2.1
Unemployment	thous.	Nov.	2.7p	0.0	−20.6
Unemployment Rate	percent	Nov.	5.3p	3.9	−19.7
KAUAI:					
Civilian Labor Force	thous.	Nov.	25.1p	1.2	8.7
Employment	thous.	Nov.	23.9p	1.3	8.6
Unemployment	thous.	Nov.	1.3p	0.0	8.3
Unemployment Rate	percent	Nov.	4.9p	−2.0	−2.0
JOB COUNT BY INDUSTRY					
TOTAL JOBS—STATE	thous.	Nov.	508.0p	0.2	3.2
SUGAR (Mill and Field)	thous.	Nov.	6.9p	0.0	−4.2
PINEAPPLE (Cannery and Field)	thous.	Nov.	3.7p	−5.1	0.0
DIVERSIFIED MANUFACTURING					
(Excluding Sugar and Pineapple)	thous.	Nov.	17.1p	0.0	1.8
Durable Goods	thous.	Nov.	4.3p	0.0	10.3
Non-Durable Goods	thous.	Nov.	12.8p	0.0	−0.8
Apparel and Textiles	thous.	Nov.	2.9p	0.0	−9.4
DIVERSIFIED AGRICULTURE (Excluding Sugar And Pineapple, but including Agricultural Self-Employed)	thous.	Nov.	8.2p	−7.9	5.1
CONTRACT CONSTRUCTION	thous.	Nov.	20.7p	−1.4	−1.9
TRANSPORTATION	thous.	Nov.	25.0p	−0.4	2.5
COMMUNICATION	thous.	Nov.	7.2p	1.4	1.4
UTILITIES	thous.	Nov.	2.7p	0.0	3.8
RETAIL TRADE	thous.	Nov.	102.4p	1.1	3.7
WHOLESALE TRADE	thous.	Nov.	19.7p	−0.5	1.5
FINANCE, INSURANCE AND REAL ESTATE	thous.	Nov.	33.9p	0.0	1.8
HOTEL SERVICES—STATE	thous.	Nov.	32.2p	0.3	9.5
Oahu	thous.	Nov.	17.2p	0.0	4.9
Maui County	thous.	Nov.	7.3p	1.4	9.0
Hawaii	thous.	Nov.	4.0p	0.0	2.6
Kauai	thous.	Nov.	3.8p	0.0	58.3
OTHER SERVICES	thous.	Nov.	93.4p	−1.4	3.0
FEDERAL GOVERNMENT	thous.	Nov.	32.9p	1.2	1.9
Civilian Agencies	thous.	Nov.	12.7p	1.6	4.1
Defense Department	thous.	Nov.	20.2p	1.0	0.0
STATE GOVERNMENT	thous.	Nov.	52.1p	5.9	2.8
COUNTY GOVERNMENT	thous.	Nov.	13.4p	0.8	3.9
NON-AGRICULTURE SELF-EMPLOYED	thous.	Nov.	34.8p	−8.7	0.6
UNEMPLOYMENT INSURANCE					
INSURED UNEMPLOYMENT (Weekly Average)	number	Nov.	6,995	10.9	−4.9
INTRASTATE INITIAL CLAIMS	number	Jan.-Nov.	48,757	.....	−12.1
INTERSTATE INITIAL CLAIMS	number	Jan.-Nov.	3,069	.....	−16.1
UNEMPLOYMENT INSURANCE BENEFITS	thous. $	Jan.-Nov.	46,109	.....	−11.1

p = preliminary.
[1]Count of recipients is duplicated. A person may be counted in each category.

public assistance in hawaii

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
PUBLIC ASSISTANCE					
INCOME MAINTENANCE:					
Recipients[1]	no./persons	Nov.	48,864	−0.8	−5.8
Payments	thous. $	Jan.-Nov.	79,568	.....	−5.0
MEDICAL ASSISTANCE:					
Recipients[1]	no./patients	Oct.	46,994	15.9	−10.9
Payments	thous. $	Jan.-Oct.	137,631	.....	0.5
FOOD STAMPS:					
Recipients[1]	no./persons	Oct.	82,089	0.5	−6.6
Payments	thous. $	Jan.-Oct.	70,358	.....	−4.6
SERVICES:					
Recipients[1]	no./cases	3rd Qtr.	7,520	−9.7	−5.3
Payments	thous. $	3rd Qtr.	4,634	6.0	−2.3

[1]Count of recipients is duplicated. A person may be counted in each category.

banking and finance in hawaii

FINANCE					
COMMERCIAL BANK DEPOSITS:					
STATE:					
Total Deposits	mil. $	Nov.	9,177.0	−0.6	14.7
Debits To Demand Deposits	mil. $	Jan.-Nov.	111,357.0	.....	13.0
OAHU:					
Total Deposits	mil. $	Nov.	7,681.8	−0.4	15.1
Debits To Demand Deposits	mil. $	Jan.-Nov.	100,913.9	.....	14.3
MAUI COUNTY:					
Total Deposits	mil. $	Nov.	585.0	−0.7	14.1
Debits To Demand Deposits	mil. $	Jan.-Nov.	4,555.5	.....	17.2
HAWAII:					
Total Deposits	mil. $	Nov.	621.0	−1.7	11.2
Debits To Demand Deposits	mil. $	Jan.-Nov.	3,986.7	.....	12.0
KAUAI:					
Total Deposits	mil. $	Nov.	289.4	−0.7	15.0
Debits To Demand Deposits	mil. $	Jan.-Nov.	1,900.8	.....	17.5
BANK LOANS OUTSTANDING—STATE[1]	mil. $	3rd Qtr.	4,751.9	−12.1	0.0
Real Estate	mil. $	3rd Qtr.	2,413.7	2.7	20.6
Consumer	mil. $	3rd Qtr.	1,048.1	1.1	−1.8
Commercial & Industrial	mil. $	3rd Qtr.	1,625.9	2.5	21.4
Other	mil. $	3rd Qtr.	282.8	3.6	3.1
CONVENTIONAL HOME MORTGAGE RATES: HONOLULU[2]	percent	Nov.	11.1	0.9	15.6
SAVINGS & LOAN ASSOCIATIONS:[1]					
TOTAL DEPOSITS	mil. $	Oct.	3,800.0	5.6	6.1
TOTAL LOANS	mil. $	Oct.	118.2	9.5	−14.5
MORTGAGE LOANS	mil. $	Oct.	104.7	8.5	−13.8
TAX COLLECTIONS:[3]					
STATE	thous. $	Jan.-Nov.	1,747,478	.....	15.9
Oahu	thous. $	Jan.-Nov.	1,502,451	.....	16.1
Maui County	thous. $	Jan.-Nov.	106,904	.....	17.2
Hawaii	thous. $	Jan.-Nov.	95,375	.....	14.6
Kauai	thous. $	Jan.-Nov.	42,844	.....	7.9

[1]Figures contain domestic balances only.
[2]Includes Hawaii and Guam. Reporting categories changed in July, 1985.
[3]Taxes collected by the State Department of Taxation. Excludes property taxes which were formerly collected by the State but are now collected by the Counties.

costs. The deficiencies of the current system do not allow shippers to take full advantage of spot market conditions, new marketing opportunities, or the pricing benefits gained by free competition among carriers.

The only scheduled interisland transportation service is Young Brothers, Ltd., a subsidiary of Hawaiian Electric Industries, Inc. Young Brothers, a common carrier, is subject to regulation by the State of Hawaii Public Utilities Commission (PUC), and utilizes barges towed by tugboats. Charges assessed by Young Brothers must be approved by the PUC, and Young Brothers must accept for transport all cargo offered. There is much debate over the regulation of interisland surface common freight carriers. While defined as an essential public utility, interisland freight carriers are subject to numerous regulations. However, these regulations tend to reduce competitiveness in the industry. The bottom line remains whether market forces are adequate to make interisland freight carriers sufficiently responsive to the needs of Hawaii's shippers.

As it stands today, there is free access into the marketplace for interisland freight carriers. In fact, there are already a number of interisland barge-service competitors. If the industry deficiencies mentioned above are addressed and rectified, it could become possible for more carriers to enter the market, do away with the need for regulation, and make the overall system more efficient and less costly.

Several courses of action are currently being considered by the state and counties to improve the interisland cargo transportation system. These include: 1) opening up Hilo as an alternative overseas cargo collection and distribution site, with both air and waterborne transportation and warehousing facilities; 2) repealing the Water Carrier Act and exempting all water carriers from the definition of utilities in Sec. 269-1 of the Public Utilities Commission Law; 3) granting licenses to all carrier applicants who show financial and structural ability. No certificate of public convenience and necessity would be required; 4) offering all common carriers equal treatment with respect to pier facilities, upgrading harbor facilities at all ports, and improving interisland air cargo facilities; and 5) decontrolling all rates and service schedules.

If these modifications were implemented, Hawaii could gain a more competitive cargo transportation system that could provide greater support for Hawaii's future economic development.

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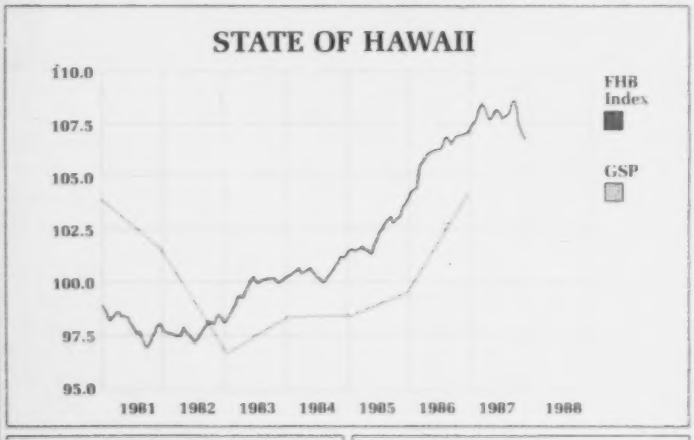

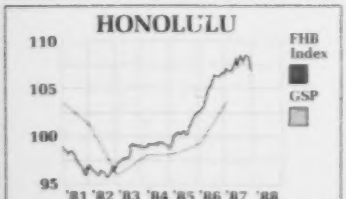

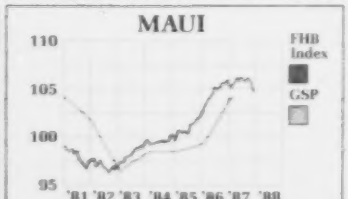

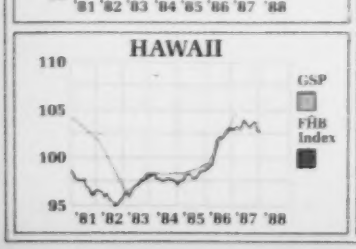

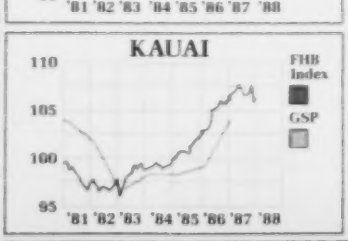

FIRST HAWAIIAN BANK INDEX OF LEADING ECONOMIC INDICATORS

The First Hawaiian Bank Index of Leading Economic Indicators declined for a second consecutive month, down 0.4 percent in November following a 1-percent decline in October. This prolonged decline in the Index indicates a slowdown in growth ahead for the State economy. Of the five base index components, average workweek hours realized a significant increase, but was offset by a sharp decline in the Hawaii stock index. The Federal money supply; average prime rate, and consumer prices indices all held steady. The four county indices showed moderate declines, also reflecting slower growth rates ahead. The Honolulu index realized gains in workweek hours and employment, but suffered declines in public contracts awarded, visitor counts, and credit demand. Maui realized substantial gains in building permits and visitor counts, but sustained sharp declines in employment, credit demand, and public contracts awarded. The Big Isle and Kauai indices realized the least level of decline with employment, credit demand, and building permits up from the previous month.

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ECONOMIC INDICATORS

Research Department, First Hawaiian Bank March/April 1988

The Future for Japanese Investment in Hawaii

Japan has emerged as a world economic power. After more than a decade of progressively increasing trade surpluses, and with one of the highest savings rates in the world, Japan has accumulated enough capital to become the world's largest creditor nation. In 1982 Japan invested $57 billion in the purchase of securities, loans, and direct investments in the U.S. By 1986, the total had grown to $272 billion. Japan is already estimated to be financing roughly 35 percent of our total national budget deficit.

The impact of Japanese investment in Hawaii has been enormous. Japanese interests have come to control nearly two-thirds of Hawaii's major hotel properties, and half of all the hotel units in Waikiki—30 percent of all hotel units statewide. More recent trends have led to major acquisitions of other residential and commercial properties in Hawaii.

Recent developments in the world economy have prompted concerns over the long-term prospects for Japanese investment in Hawaii and the United States. While Japanese investors are expected to remain in the U.S. for several years to come, the rate of Japanese investment will be slowing.

The main contributing factor will be a gradual decline in Japan's trade surplus. Constrained by the stronger yen, Japan's exports have begun to decline in the face of increased imports as Japan increasingly opens her doors to bilateral world trade. The restructuring of Japan's economy away from export-led growth toward expansion based on domestic consumer demand will place greater demands on the domestic use of capital rather than its exportation to the U.S. The increasing fiscal role of the Japanese government in stimulating large-scale public works projects as well as social services for an aging population will place greater demands on the domestic use of capital. Changes in the structure of the Japanese economy will therefore lead to lower rates of capital accumulation, and higher domestic demands for the use of that capital.

Changes in Japanese capital markets will alter the incentives to invest domestically as opposed to investing in the U.S. Traditionally, Japanese capital has flowed to the U.S. because of the higher interest rates available here. However, deregulation of Japanese capital markets will allow Japanese financial institutions to offer more competitive yields, providing a greater incentive for investors to keep their money at home. Furthermore, volatility in the American stock market and the risks attached to investment in other foreign capital markets will increase the incentive to keep investment capital in Japan.

Japanese investors have become far more sophisticated in their choice of investments. While it is unlikely that Japanese investment will leave the U.S. entirely, investment patterns will tend to show greater diversity in terms of types of investments and country of investment. Recent trends have shown a clear movement away from longer-term bonds to shorter-term instruments, stocks, real estate, and direct investments in manufacturing and financial services. On a global basis, Japanese investment has been diversifying into European countries, particularly England and West Germany.

Shifts in the exchange rate between the dollar and the yen will also affect Japanese investment. While the fall in the value of the dollar makes prospective investments attractive, it devalues investments already made. Expectations of further declines in the dollar to yen rate have discouraged purchases of U.S. securities since the second half of 1987 and should continue to do so until the dollar shows clear evidence of strengthening. A weakening in the U.S. economy accompanied by a fall in U.S. interest rates would weaken the U.S. dollar and reduce the attractiveness of American investments. Likewise, Japanese investment could be severely hampered if the U.S. were to pass protectionist legislation.

In Hawaii, Japanese investment in real estate is estimated to have hit an all-time high of $6.5 billion in the three years between 1985 and 1987. That constituted 38 percent of the total $17 billion in real estate investments made by Japanese across the country. Historically, the major proportion of Japanese investment has been in hotels (57 percent) and other real estate developments (25 percent). While sales of both commercial and residential properties have remained strong through 1987, the prospects for future growth will be conditioned as much by the availability of inventory for sale as it will be by international economic conditions. Japanese investment patterns have already begun to diversify into other major cities across the country.

In general, overall Japanese investment in the United States can be expected to slow in the years ahead. Capital movements will become more sensitive to short-term fluctuations in general economic conditions, resulting in a far more volatile and competitive market for Japanese capital, and a long-term decline of investment in Hawaii. This increases the need for responsible public policies to monitor the flows and performance of Japanese investment in Hawaii to mitigate the potentially negative effects of increasingly unpredictable movements of Japanese capital resulting from growing uncertainty and volatility in international capital markets.

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MARCH/APRIL FEATURE STORY: FACTORS INFLUENCING JAPANESE TRAVEL TO HAWAII

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CURRENT BUSINESS TRENDS

The Hawaiian economy got off to a slow start in 1988. Tourism, the largest sector of the economy, performed poorly in January. Combined with a slackening in the construction industry and a sugar industry recovering from its worst production year since 1960, conditions point to a less than robust year for the Hawaiian economy in 1988.

However, overall indicators point to robust conditions in the short run. Unemployment for the state, at 3.9 percent, remains at or near full employment levels, and is well below the national average of 5.8 percent. Those unable to find jobs in January declined by 4 percent. This continues the downward trend in the unemployment rate that began two years ago.

Tax collections, continued their double-digit growth, totalled $185 million in January, up by 11 percent from a year ago. Kauai, with the smallest amount collected, $5 million, had the largest increase over January 1987 of 32 percent. Oahu's $163 million in taxes represented an increase of 12 percent, while Hawaii collected $9 million, up 11 percent from a year ago. Maui was the only county to come up short, with its January total of $9 million, 9-percent below January of 1987.

Of the various counties, Oahu had the lowest unemployment rate of 3.6 percent thanks to a 6-percent decrease in the county's unemployed. Maui county was second with a January unemployment rate of 4.3 percent. The number of people unemployed in the county actually increased 5 percent, due to temporary layoffs on Lanai. Maui island's unemployment rate of 3.7 percent is closer to that on Oahu. The Westin Maui's solution to the labor crunch has been successful, and more merchants are turning to Molokai (5.2 percent unemployment) for employees. Kauai, with roughly 1,700 more jobs in the hotel industry,

u. s. economic indicators

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
GROSS NATIONAL PRODUCT**					
In Current Dollars	bil. $	4th Qtr.	4,598	1.6	7.2
In 1982 Dollars	bil. $	4th Qtr.	3,875	1.0	3.8
PERSONAL INCOME**	bil. $	Jan.	3,879p	0.3	6.8
AVERAGE PRIME RATE	percent	Feb.	8.51	−2.7	13.5
CONSTRUCTION					
CONSTRUCTION PUT IN PLACE**	bil. $	Jan.	395.2p	−2.9	2.7
CONSTRUCTION COST INDEXES:					
Residences	1982 = 100	Nov.	120.7	0.4¹	1.8
Apts., Hotels, Office Bldgs.	1982 = 100	Nov.	118.1	0.2¹	1.7
EMPLOYMENT					
CIVILIAN EMPLOYMENT*	thous.	Jan.	121,175	0.4	1.8
UNEMPLOYMENT*	thous.	Jan.	7,046	1.0	−11.5
UNEMPLOYMENT RATE*	percent	Jan.	5.8	0.0	−13.4
PRICES					
CONSUMER PRICE INDEXES:					
Wage Earners and Clerical Workers	1982-84 = 100	Jan.	114.5	0.3	4.1
All Urban Consumers	1982-84 = 100	Jan.	115.7	0.3	4.0
PRODUCER PRICE INDEXES:					
Finished Goods*	1982 = 100	Jan.	106.1	0.4	2.1
All Commodities	1967 = 100	Dec.	311.7	−0.1	4.4

r = revised.
p = preliminary.
¹Compared to September, 1987.
*Seasonally adjusted.
**Seasonally adjusted at annual rates.

business activity in hawaii

GROSS STATE PRODUCT	mil. $	1986	18,054.8 e	.....	7.4
BUSINESS SALES	GROSS				
STATE	mil. $	Jan.	3,210.1	.....	25.0
Oahu	mil. $	Jan.	2,727.2	.....	25.3
Maui County	mil. $	Jan.	194.8	.....	25.8
Hawaii	mil. $	Jan.	212.5	.....	15.3
Kauai	mil. $	Jan.	75.6	.....	43.7
DIVERSIFIED MANUFACTURING	mil. $	Jan.	61.0	.....	24.2
DIVERSIFIED AGRICULTURE	mil. $	Jan.	35.7	.....	46.3
RETAILING	mil. $	Jan.	1,147.8	.....	20.8
WHOLESALING	mil. $	Jan.	864.3	.....	36.3
SERVICES	mil. $	Jan.	693.2	.....	19.0
OAHU NEW CAR SALES	number	Jan.	3,797p	.....	17.1
HONOLULU PRICES					
HONOLULU CONSUMER PRICE INDEX:					
Wage Earners and Clerical Workers	1982-84 = 100	Dec.	116.9	0.1	4.5
All Urban Consumers	1982-84 = 100	Dec.	116.0	0.2	4.6
TOURISM					
VISITOR EXPENDITURES	mil. $	1987	6,500p	.....	17.1
OVERNIGHT OR LONGER VISITORS	number	Jan.	478,320p	−2.8	−1.6
Westbound	number	Jan.	325,720p	−1.2	−8.5
Eastbound	number	Jan.	152,600p	−6.0	17.3
AVERAGE DAILY VISITOR CENSUS	number	Jan.	118,670p	−1.1	−9.2
AVERAGE LENGTH OF STAY	no. of days	Jan.	11.3p	0.0	−0.9
MEETING ATTENDANCE	number	Jan.	38,785	203.1	22.2
ORGANIZED GROUP TOURS	number	Jan.	38,980*	−17.8	−44.1
VISITOR COUNT BY COUNTY²					
Oahu	number	Jan.	225,160p	−2.1	−12.3
Maui County	number	Jan.	143,710p	5.3	−9.8
Hawaii	number	Jan.	65,850p	11.2	−16.8
Kauai	number	Jan.	78,200p	10.1	−6.4

p = preliminary.
e = estimated.
*Group only.
²Compared to September, 1987.
³Estimated Westbound

business activity in hawaii [cont.]

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
VISITOR ACCOMMODATIONS:					
STATE	number	Feb., 1987	65,318	.....	−1.5
Oahu	number	Feb., 1987	38,815	.....	−0.5
Waikiki	number	Feb., 1987	34,014	.....	−1.8
Maui (Island)	number	Feb., 1987	13,264	.....	−1.4
Molokai	number	Feb., 1987	575	.....	−9.4
Lanai	number	Feb., 1987	10	.....	0.0
Hawaii	number	Feb., 1987	7,328	.....	0.7
Kauai	number	Feb., 1987	5,956	.....	0.6
HOTEL OCCUPANCY:					
STATE	percent	Jan.	76.2	7.3	−7.7
Oahu	percent	Jan.	84.6	8.3	−5.1
Maui (Island)	percent	Jan.	67.2	8.2	−10.0
Hawaii	percent	Jan.	58.1	10.5	−15.1
Kauai	percent	Jan.	55.6	3.0	−17.1
DEFENSE EXPENDITURES					
APPROPRIATED FUNDS TOTAL	mil. $	Yr. to 3rd Qtr.	1,469.4	.....	4.2
Military Payroll	mil. $	Yr. to 3rd Qtr.	649.7	.....	4.0
Civilian Payroll	mil. $	Yr. to 3rd Qtr.	448.8	.....	−1.4
Local Purchases	mil. $	Yr. to 3rd Qtr.	370.9	.....	12.3
SUGAR					
VALUE OF CROP SALES					
(Unprocessed Cane)	mil. $	1986	233.8	.....	5.1
SUGAR PRODUCTION	thous. tons	Jan.	14.9	.....	−5.1
AVERAGE N. Y. RAW SUGAR PRICE	$/ton	Jan.-Feb.	439.4p	.....	1.7
PINEAPPLE					
VALUE OF CROP SALES					
(Fresh Equivalent)	thous. $	1986	99.7	.....	10.2
SHIPMENTS: FRESH	thous. lbs.	Jan.-Feb.	36,395	.....	−6.3
DIVERSIFIED AGRICULTURE					
CROPS	thous. $	1986	147,734	.....	11.4
FLOWERS & NURSERY PRODUCTS	thous. $	1986	49,094	.....	11.2
Anthurium Outshipments³	th. dozens	Dec.	127.2	14.3	−21.5
Potted Foliage Plants	thous. $	1986	12,931	.....	7.6
FRUITS & NUTS	thous. $	1986	51,806	.....	19.8
Papaya Sales	th. lbs.	Jan.	4,010	−29.8	0.3
Average Farm Price	cents/lb.	Jan.	17.0	21.4	−13.3
Macadamia Nut Sales (in shell)	th. lbs.	1987	46,500	.....	−0.2
Average Farm Price	cents/lb.	1987	78.1	.....	−2.4
VEGETABLES AND MELONS⁴	th. lbs.	Feb.	7,463p	.....	−15.8
LIVESTOCK	thous. $	1986	83,429	.....	0.7
BEEF PRODUCTION (Dressed Wt.)	th. lbs.	Dec.	2,959	−10.8	2.0
Average Farm Price (Feedlot Beef)	cents/lb.	Dec.	87.5	2.9	1.2
HOG PRODUCTION (Dressed Wt.)	th. lbs.	Dec.	670	33.7	−12.0
Average Farm Price	cents/lb.	Dec.	105.0	1.4	1.9
MILK PRODUCTION	mil. lbs.	Jan.	12.0	.....	−3.7
Average Price Sold to Plants	$/100 lbs.	Jan.	21.10	1.2	2.8
EGG PRODUCTION	mil.	Jan.	19.2	.....	3.2
Average Farm Price	cents/doz.	Jan.	81.5	1.2	1.2
PUBLIC UTILITIES					
ELECTRICITY GENERATED	mil. kwh.	Jan.-Feb.	1,286.7	.....	8.7
GAS SALES	th. therms.	Jan.-Feb.	8,855	.....	1.3
TELEPHONE LINES IN SERVICE	thous.	Jan.-Feb.	508.8	.....	5.4

p = preliminary.
³From Hawaii County.
⁴Includes snap beans, cabbage, celery, sweet corn, cucumbers, onions, green peppers, tomatoes, and watermelons.

has seen its unemployment rate fall from 5 percent in January of 1987 to 4.4 percent this year. Hawaii remains the county with the highest unemployment in the state at 5.6 percent. However, that is lower than the 6.3-percent levels of a year ago, and represents a 12-percent increase in people employed.

The state's number one industry, tourism, slipped in January. Total visitors coming to the islands in the first month of 1988 totalled 478,320, down by 2 percent from 1987. This is the first January decline for the visitor industry since 1983, when it fell by 3 percent from the previous year. Travelers from the mainland decreased by 18 percent, which is the worse decline since the United Airlines strike jolted the visitor industry in 1985. This drastic decline was offset by an increase in visitors from Canada, up by 11 percent, and a strong showing from the eastbound market. Visitors from the Far East, mostly Japan, totalled 152,500, an increase of 17 percent.

The impact of the decline in the westbound market is evident at the county level where only westbound visitors are counted. Every island endured a decline in January. Hawaii was the hardest hit with visitors dropping from 79,110 persons in 1987 to 65,850 persons in 1988, a 17-percent decline. Oahu and Maui registered 12 and 10 percent fewer westbound visitors than a year ago. Kauai sustained a 6-percent decline. Not since the recession year of 1981 has the visitor count for every county gone down from the previous year.

Hotel occupancies likewise declined in January. Overall, the state hotel occupancy was 76 percent, down 8 percent from the previous year. Oahu had the high of 85 percent, a 5-percent decline from 1987. Maui's January occupancy rate slipped by 10 percent for the second straight year to 67 percent. Hawaii's 58-percent occupancy rate was 15 percent lower than last year. Only half of Kauai's hotel rooms were filled in January, a 17-percent drop.

The construction industry in Hawaii had a banner year in 1987 taking over the military as the number two sector in terms of expenditures. The total value of construction put-in-place came to $2.1 billion for the year. That represented an annual growth rate of 19 percent. However, preliminary indications point to a slowdown in construction in the months ahead. On Oahu, private permits authorized in January for residential construction were down by 34 percent from 1987, while nonresidential construction permits slipped by 65 percent. Both single-family and multi-

family units were showing declines in the number of permits of 69 and 95 percent, respectively. On the Big Island there will be a shift from commercial to residential construction. Permits issued for nonresidential construction were down by 79 percent in value from last January, and resident permit value was up by 37 percent over last January. Kauai will witness increased construction in both markets in the future. Permit value is up by 13 percent for residential projects and up by 65 percent for nonresidential projects.

Public-sector construction statewide remained stable through the first two months of 1988. As of February, total contracts awarded totalled $70 million, roughly 1 percent down from 1987. Of the three levels of government, federal contracts saw the strongest increase, growing by 94 percent to $18 million. State contracts, however, fell by 34 percent to $24 million, while county contracts increased by 12 percent to $27 million. Of the various counties, Maui saw the strongest increase of 106 percent to $13 million after a very sluggish year in 1987. Oahu also saw healthy growth of 7 percent to $55 million of public-sector construction. Both Hawaii and Kauai, however, saw sluggish growth in public-sector construction compared to 1987.

The real-estate industry continued to show strong growth. Statewide, resales of single family units increased by 20 percent to 530 units, while condominium resales increased by 38 percent to 877 units as of February. Prices also saw strong increases as the average single-family-unit price rose by 23 percent to $292,000 and condominium prices increased by 26 percent to $150,000.

Agriculture in Hawaii did not fare well in January. The sugar industry, coming off its worse production year in almost three decades, suffered its ninth monthly decline in production bringing in 14,930 tons, 5 percent below production from a year ago. Pineapple shipments were also down from a year ago, with the January-February total of 36 million pounds down 6 percent.

Diversified agriculture did not do well either in January. Papaya sales were flat, while the average farm price fell 13 percent. Vegetable and melon production was down 19 percent. Anthurium outshipments were down by 22 percent in December, and down by 16 percent for all of 1987.

Despite this sluggish start by most of the sectors in the economy, a recession in 1988 is unlikely. High employment levels and continued healthy tax collections point to a solid foundation from which the Hawaiian economy can grow in 1988.

business activity in hawaii [cont.]

Series		Unit	Period	Number	Percent Change preceding period	Percent Change year ago
CONSTRUCTION PUT IN PLACE						
STATE:		mil. $	Jan.	227.6	.....	34.4
Oahu		mil. $	Jan.	200.2	.....	34.2
Maui County		thous. $	Jan.	13,233	.....	57.8
Hawaii		thous. $	Jan.	9,611	.....	2.8
Kauai		thous. $	Jan.	4,546	.....	85.6
HONOLULU CONSTRUCTION COST INDEXES						
SINGLE FAMILY		1982 = 100	Feb.	131.3	−1.5	6.5
HIGH-RISE		1982 = 100	Feb.	126.1	−0.2	6.1
PRIVATE PERMITS AUTHORIZED						
STATE:	RESIDENTIAL	thous. $	Jan.-Nov. 87	621,124	.....	22.1
	Single Family Units	number	Jan.-Nov. 87	5,698	.....	38.7
	Multiple Family Units	number	Jan.-Nov. 87	1,459	.....	−43.3
	NONRESIDENTIAL	thous. $	Jan.-Nov. 87	474,124	.....	5.9
OAHU:	RESIDENTIAL	thous. $	Jan.	18,646	.....	−33.7
	Single Family Units	number	Jan.	78	.....	−68.9
	Multiple Family Units	number	Jan.	7	.....	−95.3
	NONRESIDENTIAL	thous. $	Jan.	12,909	.....	−65.2
MAUI CO.:	RESIDENTIAL	thous. $	Jan.-Nov. 87	100,701	.....	0.7
	Single Family Units	number	Jan.-Nov. 87	1,052	.....	23.8
	Multiple Family Units	number	Jan.-Nov. 87	596	.....	18.3
	NONRESIDENTIAL	thous. $	Jan.-Nov. 87	50,250	.....	13.5
HAWAII:	RESIDENTIAL	thous. $	Jan.	8,168	.....	36.7
	Single Family Units	number	Jan.	102	.....	−4.7
	Multiple Family Units	number	Jan.	6	.....	—
	NONRESIDENTIAL	thous. $	Jan.	703	.....	−78.7
KAUAI:	RESIDENTIAL	thous. $	Jan.	5,466	.....	12.7
	Single Family Units	number	Jan.	48	.....	6.7
	Multiple Family Units	number	Jan.	0	.....	0.0
	NONRESIDENTIAL	thous. $	Jan.	984	.....	65.1
PUBLIC CONTRACTS AWARDED						
STATE		thous. $	Jan.-Feb.	69,712	.....	−0.9
Oahu		thous. $	Jan.-Feb.	55,179	.....	6.6
Maui County		thous. $	Jan.-Feb.	13,148	.....	105.7
Hawaii		thous. $	Jan.-Feb.	549	.....	−92.5
Kauai		thous. $	Jan.-Feb.	835	.....	−82.9
BY LEVEL OF GOVERNMENT:						
Federal		thous. $	Jan.-Feb.	18,160	.....	94.3
State		thous. $	Jan.-Feb.	24,218	.....	−33.8
County		thous. $	Jan.-Feb.	27,334	.....	12.1
REAL ESTATE RESALES						
STATE:	Single Family	number	Jan.-Feb.	530	.....	19.9
	Average Price	dollars	Jan.-Feb.	262,928	.....	31.5
	Condominium	number	Jan.-Feb.	877	.....	38.5
	Average Price	dollars	Jan.-Feb.	150,483	.....	26.4
OAHU:	Single Family	number	Jan.-Feb.	334	.....	21.0
	Average Price	dollars	Jan.-Feb.	319,079	.....	39.9
	Condominium	number	Jan.-Feb.	640	.....	48.1
	Average Price	dollars	Jan.-Feb.	150,317	.....	32.6
MAUI CO.:	Single Family	number	Jan.-Feb.	85	.....	3.7
	Average Price	dollars	Jan.-Feb.	203,594	.....	8.8
	Condominium	number	Jan.-Feb.	157	.....	−4.8
	Average Price	dollars	Jan.-Feb.	164,558	.....	26.2
HAWAII:	Single Family	number	Jan.-Feb.	81	.....	28.6
	Average Price	dollars	Jan.-Feb.	124,536	.....	8.0
	Condominium	number	Jan.-Feb.	28	.....	27.3
	Average Price	dollars	Jan.-Feb.	126,038	.....	−21.2
KAUAI:	Single Family	number	Jan.-Feb.	20	.....	−4.8
	Average Price	dollars	Jan.-Feb.	269,325	.....	100.2
	Condominium	number	Jan.-Feb.	52	.....	271.4
	Average Price	dollars	Jan.-Feb.	123,185	.....	19.4

n.a. = not available.

population in hawaii

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
POPULATION					
STATE:					
Total De Facto Population	thous.	July 1, 1986	1,178.8	.....	2.3
Total Resident Population	thous.	July 1, 1986	1,062.3	.....	0.8
OAHU:					
Total De Facto Population	thous.	July 1, 1986	877.3	.....	1.4
Total Resident Population	thous.	July 1, 1986	816.7	.....	0.7
MAUI COUNTY:					
Total De Facto Population	thous.	July 1, 1986	110.0	.....	−4.8
Total Resident Population	thous.	July 1, 1986	87.6	.....	2.7
HAWAII:					
Total De Facto Population	thous.	July 1, 1986	120.0	.....	3.6
Total Resident Population	thous.	July 1, 1986	111.8	.....	2.4
KAUAI:					
Total De Facto Population	thous.	July 1, 1986	60.3	.....	8.5
Total Resident Population	thous.	July 1, 1986	46.4	.....	3.6
CIVILIAN RESIDENT POPULATION:					
STATE	thous.	July 1, 1986	1,004.2	.....	0.7
MILITARY PERSONNEL:					
STATE	number	July 1, 1986	58,584	.....	1.0
Ashore	number	July 1, 1986	53,616	.....	−0.4
Afloat	number	July 1, 1986	4,968	.....	19.5
CIVILIAN MILITARY DEPENDENTS	number	July 1, 1986	66,210	.....	3.0
FOREIGN IMMIGRATION[1]	number	Jan.	297	.....	−3.9

p = preliminary.
[1]Includes only those entering Honolulu ports and does not include status changes.

income in hawaii

INCOME					
TOTAL PERSONAL INCOME**	mil. $	3rd Qtr.	17,053	1.5	6.7
EMPLOYMENT INCOME[1]	mil. $	3rd Qtr.	12,843	1.5	7.5
Manufacturing	mil. $	3rd Qtr.	583	3.6	6.4
Construction & Mining	mil. $	3rd Qtr.	897	−1.3	11.3
Wholesale	mil. $	3rd Qtr.	503	1.6	8.4
Retail	mil. $	3rd Qtr.	1,465	8.0	1.2
Finance, Ins., & Real Estate	mil. $	3rd Qtr.	928	0.0	9.4
Trans., Comm., & Util.	mil. $	3rd Qtr.	1,091	1.3	10.8
Services	mil. $	3rd Qtr.	3,267	3.7	9.1
Farm & Other	mil. $	3rd Qtr.	434	−3.1	8.2
Federal Civilian	mil. $	3rd Qtr.	983	1.3	3.1
Federal Military	mil. $	3rd Qtr.	1,345	0.0	3.5
State & Local	mil. $	3rd Qtr.	1,341	0.1	3.6
PROPERTY INCOME (Dividends, Interest, & Rent)	mil. $	3rd Qtr.	2,469	1.9	4.8
TRANSFER PAYMENTS (2,546) minus Personal Contributions for Social Insurance (805)	mil. $	3rd Qtr.	1,741	0.9	3.7
PER CAPITA PERSONAL INCOME:					
STATE	dollars	1986	14,691	.....	6.1
Oahu	dollars	1984	13,709	.....	5.7
Maui County	dollars	1984	11,611	.....	5.9
Hawaii	dollars	1984	9,998	.....	5.2
Kauai	dollars	1984	10,564	.....	6.9

**Total personal income and all components are seasonally adjusted at annual rates.
[1]Includes wage and salary disbursements, proprietors' income, and other labor income.
p = preliminary.

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FACTORS INFLUENCING JAPANESE TRAVEL TO HAWAII

In November 1987, for the first time, the millionth Japanese visitor of the year arrived in the islands. This indicates the increasing number of Japanese visitors coming to Hawaii and their growing economic importance to the state economy. Japan is Hawaii's second largest visitor market, and, though the Japanese make up only one-sixth of the visitor count, they are responsible for one-third of total visitor expenditures. Hawaii's appeal to the Japanese can be traced to several factors. While stable economic conditions in Japan and the strengthening yen encourage travel abroad, Hawaii's multi-ethnic local flavor make it a prime destination for the Japanese traveler.

Typically, Japanese visitors are young, between the ages of 20 and 29. Most stay for about a week, primarily in hotels. More than three-quarters are employed in a white collar profession, and are visiting the islands for pleasure, not business. They usually have incomes exceeding $30,000, and are in the mainstream of Japan's prosperous economy.

The prosperity of Japan's economy since World War II is well documented. In the period from 1970 to 1986, Japan's gross national product rose 96 percent for an annual average growth rate of six percent compared to three percent for the U.S. Personal income has been rising, and unemployment has remained low. Japan suffers from high prices for most consumer goods, but overall, the standard of living has been improving. With the average Japanese consumer possessing more discretionary income and more free time to spend it, the demand for leisure activity has increased. One of the outlets for this increased demand is foreign travel.

Hawaii has benefitted directly from this surge in demand. Between 1970 and 1986, annual visitor arrivals from Japan increased by 600 percent from 131,500 to 932,000 visitors per year. The record-setting performance of Hawaii's visitor industry in 1987 is due to the strong showing of the eastbound market, which grew by 18 percent over 1986, and offset a one-percent decline in westbound arrivals. Of the 1.6 million visitors coming from the East, approximately 1.2 million were from Japan.

As these figures reflect, Hawaii is the favorite destination of the Japanese. A 1985 breakdown of overseas destinations shows Hawaii to be more popular than Asian countries such as Taiwan, European countries like France, and other Pacific Basin countries like Au-

stralia. In 1985, 855,000 Japanese came to Hawaii, 38 percent more than went to Taiwan, 439 percent more than visited France, and 935 percent more than travelled to Australia.

Hawaii's natural beauty is the main attraction for Japanese tourists. Surveys reveal sight-seeing as the number one reason why 34 percent of the respondents visited Hawaii. A study on Japanese visitors in the first quarter of 1987 identified 69 percent either satisfied or very satisfied with what they saw in Hawaii.

Hawaii's unique multi-ethnic culture and cosmopolitan atmosphere also attract Japanese visitors who come from a more homogeneous society. In fact, Hawaii's popularity may be a disadvantage in the long run. As more Japanese tourists come each year it will dilute the international atmosphere of the islands. Some Japanese visitors have already complained about too many other Japanese visitors at their hotels.

All of these local attractions would be wasted if nobody in Japan knew about them, but the Hawaii Visitors Bureau (HVB) has been very effective in "selling" Hawaii. In fiscal 1985-1986, 72 percent or $4,731,600 of HVB's total budget was devoted to marketing Hawaii abroad. Increased emphasis was placed on the Japanese market with a focus on honeymoon travelers and senior citizens. In fiscal 1986-1987 HVB continued to target the honeymoon and senior citizen market. Out of an $8.5 million budget, $1.6 million was set aside specifically for marketing in the Asia/Pacific region. These efforts have been rewarded with a record number of Japanese visitors in 1987.

Another reason for the high Japanese visitor count is the increasing value of the yen against the dollar. Generally this appears to be the case as the 600-percent increase in arrivals during 1970-1986 was accompanied by a 114-percent appreciation of the yen. There were several occasions during this 17-year period, however, when exchange-rate considerations did not play a significant role in decisions to visit Hawaii. In 1980 the yen lost eight percent of its value since 1978, but visitors from Japan increased 10 percent. Most recently, in 1982 the yen was 13 percent weaker than the previous year and three percent more Japanese came to Hawaii.

Hotel room rates seem to have even less impact on Japanese travel decisions than the value of their currency. While a major traveling expense, increases in daily room rates have not had a detrimental effect on visitor counts. The average hotel room rate in Hawaii went from $19.80 in 1972 to $73.20 in 1986, a 270-percent increase. This has not deterred the Japanese from coming to Hawaii as 297 percent more visitors came to Hawaii in 1986 than in 1972.

The increase in room rates has not sent Japanese packing to alternative destinations either. Pacific Basin resorts have historically had lower hotel-room rates than Hawaii, but not the volume of traffic. In 1975 there was a one-percent difference between Hawaii hotel-room rates and the average room rates of other Pacific Basin destinations, and 188,000 Japanese came to Hawaii. In 1985, the split had grown to four percent, and 855,000 Japanese tourists visited Hawaii. That year, Taiwan, the second most popular Pacific Basin destination, attracted 618,511 Japanese visitors, 38 percent fewer than Hawaii. Even with lower room rates and shorter geographical distances, other Pacific Basin countries could not compete with Hawaii as a Japanese vacation destination.

Hawaii outperformed these other destinations again in 1987. It is estimated that one out of every six Japanese traveling abroad came to Hawaii last year for a total of 1.2 million Japanese visitors. Hawaii is the first foreign destination to attract over a million Japanese tourists in one year.

The future looks optimistic for a continuation of this Japan-Hawaii connection. HVB forecasts the Japanese-led eastbound market will again outpace the westbound market in 1988. A 7- to 10-percent increase is expected in the eastbound market next year as opposed to a 0- to 3-percent increase for the westbound market. A forecast by the Japanese government shows Japanese visitors to Hawaii will double by 1991 to over two million visitors. Subtle changes will occur during that time. Japanese tourists will be older on average than they are now due to the aging of the Japanese population. Japanese visitors will also be more inclined to travel free and independently rather than in groups as they become better informed about Hawaii, and the repeat visitor becomes more prevalent.

As the Japanese traveler goes through this transition, the factors influencing Japanese travel to Hawaii will likely undergo some change. The yen/dollar exchange rate may play a more significant role in the future. Hawaii's cosmopolitan atmosphere, which is a strong attracting force now, may be less important in the future. Whatever the changes, it appears that in the short run, Hawaii will continue to be an appealing place for Japanese to invest in, and to visit.

employment and jobs in hawaii

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
EMPLOYMENT					
STATE:					
Civilian Labor Force	thous.	Jan.	523.0p	−0.3	9.0
Employment	thous.	Jan.	502.6p	−0.4	9.6
Unemployment	thous.	Jan.	20.4p	2.0	−4.2
Unemployment Rate	percent	Jan.	3.9p	2.6	−11.4
OAHU:					
Civilian Labor Force	thous.	Jan.	389.8p	−0.6	8.4
Employment	thous.	Jan.	375.9p	−0.7	9.1
Unemployment	thous.	Jan.	14.0p	2.9	−6.0
Unemployment Rate	percent	Jan.	3.6p	−5.3	−12.2
MAUI COUNTY:					
Civilian Labor Force	thous.	Jan.	51.9p	0.0	7.0
Employment	thous.	Jan.	49.7p	0.4	7.3
Unemployment	thous.	Jan.	2.3p	−4.2	4.5
Unemployment Rate	percent	Jan.	4.3p	−4.4	−6.5
HAWAII:					
Civilian Labor Force	thous.	Jan.	54.9p	1.3	11.4
Employment	thous.	Jan.	51.9p	0.8	12.1
Unemployment	thous.	Jan.	3.1p	14.8	0.0
Unemployment Rate	percent	Jan.	5.6p	12.0	−11.1
KAUAI:					
Civilian Labor Force	thous.	Jan.	26.5p	0.8	17.8
Employment	thous.	Jan.	25.3p	1.6	18.2
Unemployment	thous.	Jan.	1.2p	−14.3	−72.7
Unemployment Rate	percent	Jan.	4.4p	−13.7	−12.0
JOB COUNT BY INDUSTRY					
TOTAL JOBS—STATE	thous.	Jan.	512.8p	−1.2	5.5
SUGAR (Mill and Field)	thous.	Jan.	6.9p	1.5	−4.2
PINEAPPLE (Cannery and Field)	thous.	Jan.	3.6p	−2.7	9.1
DIVERSIFIED MANUFACTURING (Excluding Sugar and Pineapple)	thous.	Jan.	17.1p	−0.6	2.4
Durable Goods	thous.	Jan.	4.1p	−2.4	5.1
Non-Durable Goods	thous.	Jan.	13.0p	−0.8	1.6
Apparel and Textiles	thous.	Jan.	3.0p	−3.2	−3.2
DIVERSIFIED AGRICULTURE (Excluding Sugar And Pineapple, but including Agricultural Self-Employed)	thous.	Jan.	8.2p	−1.2	5.1
CONTRACT CONSTRUCTION	thous.	Jan.	20.2p	−0.5	−6.5
TRANSPORTATION	thous.	Jan.	26.6p	−2.6	8.6
COMMUNICATION	thous.	Jan.	7.4p	0.0	4.2
UTILITIES	thous.	Jan.	2.7p	0.0	3.8
RETAIL TRADE	thous.	Jan.	104.5p	−2.2	6.0
WHOLESALE TRADE	thous.	Jan.	20.6p	0.0	6.7
FINANCE, INSURANCE AND REAL ESTATE	thous.	Jan.	34.2p	−0.3	3.0
HOTEL SERVICES—STATE	thous.	Jan.	32.7p	0.9	8.3
Oahu	thous.	Jan.	17.3p	0.0	1.2
Maui County	thous.	Jan.	7.2p	1.4	7.5
Hawaii	thous.	Jan.	4.1p	2.5	0.0
Kauai	thous.	Jan.	4.2p	2.4	68.0
OTHER SERVICES	thous.	Jan.	96.3p	−1.2	6.2
FEDERAL GOVERNMENT	thous.	Jan.	32.9p	−0.3	2.5
Civilian Agencies	thous.	Jan.	12.8p	−1.5	5.8
Defense Department	thous.	Jan.	20.2p	0.5	1.0
STATE GOVERNMENT	thous.	Jan.	50.3p	−4.9	2.4
COUNTY GOVERNMENT	thous.	Jan.	13.3p	2.3	3.9
NON-AGRICULTURE SELF-EMPLOYED	thous.	Jan.	35.7p	2.9	21.4
UNEMPLOYMENT INSURANCE					
INSURED UNEMPLOYMENT (Weekly Average)	number	Feb.	8,230	23.0	9.5
INTRASTATE INITIAL CLAIMS	number	Feb.	4,789	−16.2	22.1
INTERSTATE INITIAL CLAIMS	number	Feb.	272	−27.9	−1.1
UNEMPLOYMENT INSURANCE BENEFITS	thous. $	Feb.	4,693	12.1	24.6

p = preliminary.
Count of recipients is duplicated. A person may be counted in each category.

public assistance in hawaii

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
PUBLIC ASSISTANCE					
INCOME MAINTENANCE:					
Recipients*	no./persons	Feb.	48,277	−1.3	−7.4
Payments	thous. $	Jan.-Feb.	16,464	.....	13.8
MEDICAL ASSISTANCE:					
Recipients*	no./patients	Feb.	42,495	−1.0	−8.0
Payments	thous. $	Jan.-Feb.	26,647	.....	5.9
FOOD STAMPS:					
Recipients*	no./persons	Dec.	79,191	−3.2	−8.4
Payments	thous. $	Dec.	6,892	.....	−4.7
SERVICES:					
Recipients*	no./cases	4th Qtr.	7,408	−1.5	−2.6
Payments	thous. $	Yr. to 4th Qtr.	19,490	.....	8.3

Count of recipients is duplicated. A person may be counted in each category.

banking and finance in hawaii

FINANCE					
COMMERCIAL BANK DEPOSITS:					
STATE:					
Total Deposits	mil. $	Dec.	9,421.9	−2.7	9.8
Debits To Demand Deposits	mil. $	Dec.	11,£10.6	.....	−4.5
OAHU:					
Total Deposits	mil. $	Dec.	7,895.5	2.8	10.1
Debits To Demand Deposits	mil. $	Dec.	10,735.6	.....	−5.4
MAUI COUNTY:					
Total Deposits	mil. $	Dec.	604.8	3.4	9.7
Debits To Demand Deposits	mil. $	Dec.	461.7	.....	2.6
HAWAII:					
Total Deposits	mil. $	Dec.	625.6	0.8	6.7
Debits To Demand Deposits	mil. $	Dec.	426.1	.....	9.6
KAUAI:					
Total Deposits	mil. $	Dec.	296.0	2.3	8.2
Debits To Demand Deposits	mil. $	Dec.	187.2	.....	4.8
BANK LOANS OUTSTANDING—STATE*	mil. $	4th Qtr.	5,727.0	4.5	13.1
Real Estate	mil. $	4th Qtr.	2,495.2	3.4	18.9
Consumer	mil. $	4th Qtr.	1,086.7	3.7	0.2
Commercial & Industrial	mil. $	4th Qtr.	1,713.5	5.4	15.3
Other	mil. $	4th Qtr.	304.9	8.0	−7.2
CONVENTIONAL HOME MORTGAGE RATES: HONOLULU	percent	Dec.	9.6	5.5	0.0
SAVINGS & LOAN ASSOCIATIONS:*					
TOTAL DEPOSITS	mil. $	Dec.	3,880.0	1.6	9.0
TOTAL LOANS	mil. $	Dec.	107.1	14.7	−45.7
MORTGAGE LOANS	mil. $	Dec.	96.5	13.1	−45.0
TAX COLLECTIONS:*					
STATE	thous. $	Jan.	185,451	4.9	11.2
Oahu	thous. $	Jan.	162,536	7.6	12.1
Maui County	thous. $	Jan.	9,301	−15.5	−8.8
Hawaii	thous. $	Jan.	9,060	−10.2	11.3
Kauai	thous. $	Jan.	4,554	−1.2	32.0

*Figures contain domestic balances only.
*Includes Hawaii and Guam. Reporting categories changed in July, 1985.
*Taxes collected by the State Department of Taxation. Excludes property taxes which were formerly collected by the State but are now collected by the Counties.

ECONOMIC INDICATORS

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by the Research Department, First Hawaiian Bank
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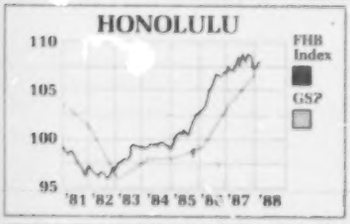
STATE OF HAWAII

HONOLULU



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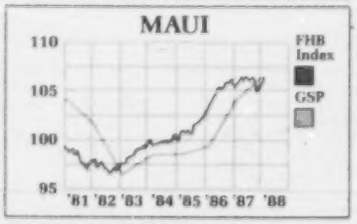
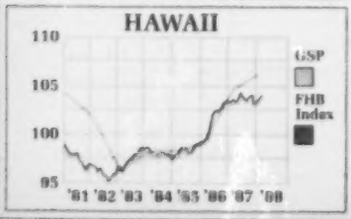
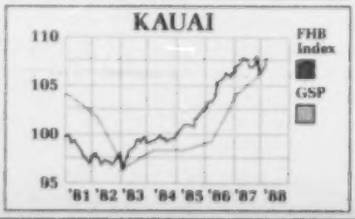


HAWAII



KAUAI



FIRST HAWAIIAN BANK INDEX OF LEADING ECONOMIC INDICATORS

The First Hawaiian Bank Index of Leading Economic Indicators rebounded by 0.8 percent in January after a 2-percent decline over the prior three months. Of the five base index components, average workweek hours, Hawaiian stocks, and Federal money supply increased, while the average prime rate held steady and the consumer price index dropped. Public contracts awarded, credit demand, and unemployment insurance claims were also strong contributors to January's increase. Each of the four county indices showed moderate increases for January. The Honolulu index increased in terms of average workweek hours and building permits, but declined in employment and credit demand. Maui saw gains in employment, public contracts awarded, and visitor counts, but sustained declines in credit demand and building permits. On the Big Isle gains in credit demand were offset by a drop in employment. Kauai was bolstered by strong visitor numbers and credit demand, while the other indices remained stable.

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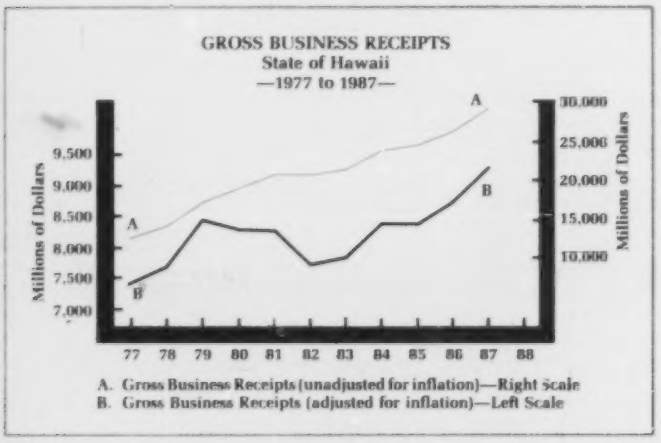
ECONOMIC INDICATORS

ANNUAL SUPPLEMENT

Hawaii in 1987: A Year-End Summary of Hawaii's Economic Indicators and Outlook for 1988

OVERALL TRENDS

Hawaii's current economic growth rates are already exceeding the high-growth years of the 1970s. The economy continued through the fifth year of its current business-cycle expansion by achieving the highest rate of inflation-adjusted growth in 1987 since the beginning of the business cycle in 1982 (See Graph). The major contributors to Hawaii's strong growth were tourism, construction, and real estate. Prospects for continued growth in 1988 remain strong in spite of slow growth in the national economy. But, the rate of growth will depend increasingly on foreign tourism and capital investment.



A. Gross Business Receipts (unadjusted for inflation)—Right Scale
B. Gross Business Receipts (adjusted for inflation)—Left Scale

Gross business receipts, a measure of business activity in the state, grew by a remarkable 11 percent to $29.3 billion in 1987. Considering that the Honolulu Consumer Price Index grew by 5 percent, inflation-adjusted growth in gross business receipts amounted to 6 percent. This is 2 percent higher than the rate of growth realized in 1986 and exceeds the historical record rate of growth achieved in 1979.

Hawaii's robust economic expansion was evident in income and employment figures. As of the third quarter of 1987, total personal income grew by 7 percent. Adjusted for inflation, personal income grew by 2 percent in real terms. At the same time, both the overall civilian labor force, the number of people employed, and the total number of jobs in the state grew by 3 percent. As a result, the unemployment rate dropped to an all-time low of 3.7 percent at year-end. State tax revenues also increased by 16 percent over 1986, the highest rate of increase ever recorded.

In terms of gross state product (GSP), a measure of the aggregate sum of goods and services produced in Hawaii, the Hawaiian economy has been growing steadily over the past five years, and 1987 is expected to be no exception. According to First Hawaiian Bank estimates, the economy grew by 9 percent to $19.1 billion in 1987. Adjusted for inflation, the Hawaiian economy expanded by 4 percent in 1987, the highest rate of real GSP growth since 1979.

THE VISITOR INDUSTRY

While tourism statistics for the state were mixed in 1987, the industry, nevertheless, made its most significant monetary contribution to the Hawaiian economy ever, mainly due to the expenditures of Japanese visitors.

In total, 5.8 million overnight-and-longer visitors came to Hawaii in 1987 representing a modest 3-percent gain over 1986. Westbound visitors, or visitors predominantly from the mainland, totalled 4.2 million, down 1.4 percent from 1986. However, 1.6 million eastbound visitors, predominantly from Japan, made up the difference with an increase of 18 percent over 1986. Since the Japanese outspend westbound tourists by an average of 3 to 1, the result was an estimated 9-percent increase in total 1987 visitor expenditures.

Reflecting the moderate growth in the total number of visitors, hotel occupancy rates for the state were static at an annual average of 81 percent in 1987, virtually the same rate as 1986. The total inventory of hotel units statewide actually decreased for the first time in 1987, down 990 units from 66,308 units in 1986. However, a state average hotel-room rate increase of 10 percent in 1987 more than made up the difference in lagging occupancy rates in terms of increased visitor expenditures. The average daily visitor census decreased by 1.2 percent, reflecting the drop-off in mainland visitors to Hawaii. The average length of stay for

RESEARCH DEPARTMENT
MARCH/APRIL 1988

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westbound visitors remained at 10 days. Travel to Hawaii for meetings and conventions saw a strong advance of 25 percent in 1987, while travelers in organized group tours declined by 12 percent. This indicates that mainland travelers to Hawaii are increasingly traveling on an individual, independent basis.

Both domestic and foreign economic conditions will determine how well the visitor industry performs in 1988. Westbound visitor counts will most likely continue to lessen due to a more cautious stance taken by consumers in reaction to the October stock market crash, and the expected overall slowing of the national economy. Increasing hotel prices have also changed Hawaii's image as an inexpensive vacation destination. Strong promotional campaigns by cheaper alternate destinations, like Mexico, may hurt Hawaii's westbound market, particularly those travelers coming from California, who constitute nearly one-third of westbound travelers to Hawaii.

The Japanese visitor market, although encountering its own economic problems as the Japanese economy undergoes a process of restructuring, will determine the rate of growth in the local visitor industry for 1988. The prospects remain hopeful if the Japanese economy remains strong and the yen retains its strength against the dollar throughout 1988. Hawaii is at its peak of popularity in Japan. As a result, the expected increase in Japanese visitors should offset the anticipated drop-off in mainland visitors.

These conditions, combined with the fact that other popular alternative vacation destinations are far outspending Hawaii in promoting, could result in lower overall growth for tourism than realized in the past two years. The annual visitor growth rate for 1988 is expected to range between 0 to 3 percent with a stronger increase in aggregate visitor expenditures due to strong Japanese visitor spending.

CONSTRUCTION AND REAL ESTATE

The construction and real estate industries in Hawaii both had banner years in 1987. Low interest rates together with stable construction costs continued to fuel the construction industry through another year of record growth. The total value of construction-put-in-place ended 1987 at $2.1 billion. This represented a 19-percent rate of growth, and for the first time, raised the construction industry to the position of Hawaii's second largest industry. Adjusted for inflation, the construction industry still achieved a remarkable 14-

U.S. ECONOMIC INDICATORS

Series	Unit	Period	1987	1986	Percent Change 1986-87
GROSS NATIONAL PRODUCT**					
In Current Dollars	bil. $	quarterly ave.	4,488	4,235	6.0
In 1982 Dollars	bil. $	quarterly ave.	3,820	3,713	2.9
PERSONAL INCOME**	bil. $	monthly ave.	3,746	3,534	6.0
INTEREST RATES					
AVERAGE PRIME RATE	percent	monthly ave.	8.22	8.33	−1.3
CONSTRUCTION					
CONSTRUCTION PUT IN PLACE**	bil. $	annual total	398.9	388.8	2.6
CONSTRUCTION COST INDEXES:					
Residences	1982 = 100	monthly ave.	119.8	117.3	2.1
Apts, Hotel, Office Bldgs	1982 = 100	monthly ave.	116.6	114.9	1.5
EMPLOYMENT					
CIVILIAN EMPLOYMENT*	thous.	monthly ave.	112,440	109,597	2.6
UNEMPLOYMENT*	thous.	monthly ave.	7,425	8,237	−9.9
UNEMPLOYMENT RATE*	percent	monthly ave.	6.1	6.9	−11.6
PRICES					
CONSUMER PRICE INDEXES:					
Wage Earners and Clerical Workers	82-84 = 100	monthly ave.	112.5	108.6	3.6
All Urban Consumers	82-84 = 100	monthly ave.	113.6	109.6	3.6
PRODUCER PRICE INDEXES:					
Finished Goods*	1982 = 100	monthly ave.	105.4p	103.2	2.1
All Commodities	1982 = 100	monthly ave.	111.9p	109.1	2.6

p = preliminary. *Seasonally adjusted. **Seasonally adjusted at annual rates.

BUSINESS ACTIVITY IN HAWAII

GROSS STATE PRODUCT	mil. $	annual total	19,100.0 e	17,529.7	9.0
BUSINESS SALES					
GROSS BUSINESS RECEIPTS:					
STATE	mil. $	annual total	29,302.3	26,335.2	11.3
Oahu	mil. $	annual total	24,775.4	22,110.9	12.1
Maui County	mil. $	annual total	1,856.1	1,842.6	0.7
Hawaii	mil. $	annual total	1,892.6	1,642.4	15.2
Kauai	mil. $	annual total	778.1	739.2	5.3
DIVERSIFIED MANUFACTURING	mil. $	annual total	588.3	565.4	4.1
DIVERSIFIED AGRICULTURE	mil. $	annual total	264.1	258.8	2.0
RETAILING	mil. $	annual total	10,342.6	9,485.2	9.0
WHOLESALING	mil. $	annual total	7,265.0	6,391.5	13.7
SERVICES	mil. $	annual total	6,991.2	6,373.3	9.7
OAHU NEW CAR SALES	number	annual total	39,772	37,499	6.1
HONOLULU PRICES					
HONOLULU CONSUMER PRICE INDEX:					
Wage Earners and Clerical Workers	82-84 = 100	monthly ave.	115.9	110.3	5.1
All Urban Consumers	82-84 = 100	monthly ave.	114.9	109.4	5.0
TOURISM					
VISITOR EXPENDITURES	mil. $	annual total	na	5,550	.....
OVERNIGHT OR LONGER VISITORS	number	annual total	5,792,000p	5,606,980	3.3
Westbound	number	annual total	4,198,870p	4,256,390	−1.4
Eastbound	number	annual total	1,593,130p	1,350,590	18.0
DAILY VISITOR CENSUS	number	monthly ave.	116,650p	118,110	−1.2
LENGTH OF STAY	no. of days	monthly ave.	10.1p	10.1	0.0
MEETING ATTENDANCE	number	annual total	314,190	251,371	25.0
ORGANIZED GROUP TOURS	number	annual total	748,250p	845,460	−11.5
VISITOR COUNT BY COUNTY[1]					
Oahu	number	annual total	3,070,360p	3,146,030	−2.4
Maui County	number	annual total	1,906,440p	2,001,870	−4.8
Hawaii	number	annual total	781,490p	786,930	−0.7
Kauai	number	annual total	1,031,860p	1,014,650	1.7

p = preliminary. [1]Estimated [2]Estimated Westbound.
e = estimated.

BUSINESS ACTIVITY IN HAWAII (cont.)

Series	Unit	Period	1987	1986	Percent Change 1986-87
VISITOR ACCOMMODATIONS:					
STATE	number	February	65,316	66,308	−1.5
Oahu	number	February	38,815	39,010	−0.5
Waikiki	number	February	34,650	34,650	0.0
Maui (Island)	number	February	13,264	13,451	−1.4
Molokai	number	February	575	635	−9.4
Lanai	number	February	10	10	0.0
Hawaii	number	February	7,328	7,280	0.7
Kauai	number	February	5,956	5,922	0.6
HOTEL OCCUPANCY:					
STATE	percent	monthly ave.	81.1p	81.2	−0.1
Oahu	percent	monthly ave.	86.8p	85.2	1.9
Maui (Island)	percent	monthly ave.	76.2p	81.5	−6.5
Hawaii	percent	monthly ave.	60.8p	62.2	−2.3
Kauai	percent	monthly ave.	74.2p	76.4	−2.9
DEFENSE EXPENDITURES					
APPROPRIATED FUNDS TOTAL	mil. $	annual total		1,871.9	
Military Payroll	mil. $	annual total		832.6	
Civilian Payroll	mil. $	annual total		618.6	
Local Purchases	mil. $	annual total		420.8	
SUGAR					
VALUE OF CROP SALES (UNPROCESSED CANE)	thous. $	annual total	na	233,800	.....
SUGAR PRODUCTION	thous. tons	annual total	979.2	1,042.5	−6.1
N. Y. RAW SUGAR PRICE	$/ton	monthly ave.	436.6p	418.0	4.4
PINEAPPLE					
VALUE OF CROP SALES (FRESH EQUIVALENT)	mil. $	annual total	234.0	241.4	−3.1
FRESH SHIPMENTS	thous. lbs.	annual total	262,765	262,170	0.2
DIVERSIFIED AGRICULTURE					
CROPS	thous. $	annual total	na	138,709	.....
FLOWERS & NURSERY PRODUCTS	thous. $	annual total	na	49,094	.....
Anthurium Outshipments[3]	th. dozens	annual total	1,531	1,831	−16.4
Potted Foliage Plants	thous. $	annual total	na	12,931	.....
FRUITS & NUTS	thous. $	annual total	na	1,606	.....
Papaya Sales	th. lbs.	annual total	55,780	50,170	11.2
Average Farm Price	cents/lb.	monthly ave.	19.3	21.9	−11.5
Macadamia Nut Sales (in shell)	th. lbs.	annual total	na	44,000	.....
Average Farm Price	cents/lb.	monthly ave.	na	80.0	.....
VEGETABLES AND MELONS[4]	th. lbs.	annual total	67,217p	68,170	−1.4
LIVESTOCK	thous. $	annual total	na	83,429	.....
BEEF PRODUCTION (Dressed Wt.)	th. lbs.	annual total	33,988	32,913	3.3
Average Farm Price (Feedlot Beef)	cents/lb.	monthly ave.	87.0	81.0	7.4
HOG PRODUCTION (Dressed Wt.)	th. lbs.	annual total	6,460	6,543	−1.3
Average Farm Price	cents/lb.	monthly ave.	103.5	103.0	0.5
MILK PRODUCTION	mil. lbs.	annual total	156.2	155.9	0.2
Average Price Sold to Plants	$/100 lbs.	monthly ave.	20.27	20.01	1.3
EGG PRODUCTION	mil.	annual total	223.1	226.6	−1.5
Average Farm Price	cents/doz.	monthly ave.	80.1	72.6	10.3
PUBLIC UTILITIES					
ELECTRICITY GENERATED	mil. kwh.	annual total	7,741	7,476	3.5
GAS SALES	th. therms.	annual total	49,997	48,096	4.0
TELEPHONE LINES IN SERVICE	thous.	end of period	504.9	478.2	5.6
CONSTRUCTION PUT IN PLACE					
STATE:	thous. $	annual total	2,145,505	1 809,983	18.5
Oahu	thous. $	annual total	1,866,713	1,585,669	17.7
Maui County	thous. $	annual total	103,768	92,586	12.1
Hawaii	thous. $	annual total	128,563	95,769	34.2
Kauai	thous. $	annual total	46,461	35,959	29.2
HONOLULU CONSTRUCTION COST INDEXES					
SINGLE FAMILY	1982 = 100	monthly ave.	125.7	121.5	3.5
HIGH RISE	1982 = 100	monthly ave.	120.7	116.8	3.3

p = preliminary.
[1]Estimated Westbounds.
[2]Gross taxable income valued at time of shipment.
[3]From Hawaii County.
[4]Includes snap beans, cabbage, celery, sweet corn, cucumbers, lettuce, onions, tomatoes, and watermelons.

percent growth rate in 1987. Most of the construction growth was in the private sector as public-sector construction declined by 12 percent in 1987.

Employment in the construction industry rose to an all-time high of 21,371 jobs, a 13-percent increase over 1986. Construction income also rose significantly, up by 21 percent through the third quarter of 1987. 1988 prospects for the construction industry look promising. Building permits issued, an indicator of future construction activity, show strong growth. Permits issued for residential and nonresidential construction statewide, were up by 14 percent. Private permits for residential construction amounted to $665 million in 1987, a 21-percent increase over 1986. Most of this growth was in single-family units, which were ahead by 34 percent while multi-family units still lagged by 42 percent. Nonresidential private permits rose by 6 percent to $501 million in 1987. Interest rates and construction costs should remain stable throughout the year. All in all, the construction industry is expected to experience a rate of growth between 10 and 15 percent in 1988.

Public-sector construction fared poorly in 1987, with an overall decline of 12 percent to $371 million. Of the various sectors, state contracts declined most by 18 percent to $169 million. County construction work fell by 16 percent, while federal construction increased by 3 percent.

Hawaii's real estate industry experienced another year of remarkable growth. The total $1.7-billion value of real estate resales for the state represented a 42-percent increase over 1986. Resales of single-family homes increased by 12 percent to 4,030 units after two consecutive years of 25-percent growth. Condominium resales advanced by 37 percent to 6,011 units on top of 31-percent growth in 1986. Meanwhile, prices in both categories increased substantially as a result of Japanese purchases and the further tightening of housing supply throughout the state. The average 1987 price of a single-family house in Hawaii was $234,786, up by 26 percent from the average price in 1986. The average 1987 price of a condominium in Hawaii was $127,179, a 13-percent increase over 1986.

Based on a stable interest-rate scenario for 1988 and the continued short supply of housing units in the state, the real estate market should remain strong throughout 1988. Foreign investment will again dictate growth levels in the industry, and is expected to be concentrated in real estate. As a re-

sult, single-family unit resales should increase by 5 to 10 percent, while sales of condominiums could increase in the 20- to 30-percent range.

MILITARY

The military sector picked up slightly in 1987, but lost ground in proportion to the aggregate state economy. Total appropriated military funds were $2 billion for 1987, a 10-percent increase over 1986. Adjusted for inflation, defense expenditures grew by 5 percent in 1987.

Looking at the components of defense expenditures, military payrolls were up by 1 percent, in inflation-adjusted terms, civilian payrolls were off by 3 percent, and local purchases of goods and services were flat. The number of civilian defense-department related jobs declined by 2 percent to 20,050 jobs. This continued a trend of defense-department related jobs declining by 4 percent over the last two years. In 1987, 60,300 military personnel were stationed in Hawaii, an increase of 3 percent, while the number of civilian military dependents declined by 1 percent to 65,331 persons.

The outlook for defense expenditures in Hawaii will depend on the defense policies of the new administration to be elected this year and the extent of further defense budget cutting by the present administration. One ray of hope is the possible homeporting of the battleship USS Missouri and nine support ships at Pearl Harbor. The ten ships could bring in more than $150 million a year to the Hawaiian economy. Otherwise, barring the possibility of homeporting the battleship group, the impact of military spending on Hawaii's economy can be expected to diminish in the future. The prospects for 1988 call for flat growth, in inflation-adjusted terms.

SUGAR

Hawaii's sugar production fell below the 1 million-ton mark in 1987 for the second time in 26 years. The state's 13 sugar plantations produced 979,208 tons of raw sugar, a decline of 6 percent from the 1,042,452 tons produced in 1986. Poor weather conditions and processing equipment failures, combined with industry-wide restructuring caused the decline in production.

In 1986, sugar growers realized total revenues of $360 million. Revenues for 1987 stood at $344, down by 4 percent in spite of a 4-percent increase in the average New York Raw Sugar Price during the year. Employment in the sugar industry fell off by 6 percent at year end to 6,750 jobs.

The 1988 outlook for Hawaii's sugar industry is mixed. The Hawaii Sugar Growers Association is projecting statewide sugar production to bounce back by 4 percent to 1,018,000 tons. However, sugar revenues could be seriously affected by the reduction of federal sugar price supports in President Reagan's new budget proposal. Notwithstanding the removal of sugar price supports, the sugar industry should fare well in 1988 with an increase in production and revenues ranging between 4 to 6 percent.

PINEAPPLE

In 1987 Hawaii's pineapple industry recorded the second-largest harvest in 12 years of 692,000 tons, an increase of 7 percent over 1986 and the highest yield since 1983. At the same time, the industry made its largest-ever contribution to the state's economy of $252 million. Including value added by processing, total dollar revenues for the industry were up by 4 percent over 1986. Employment in the industry ended the year up 1 percent over the same period in 1986.

Most of the 1987 production increase went towards canned pineapple, which rose by 9 percent from 1986 to 558,000 tons, continuing a sharp two-year recovery. Fresh pineapple sales continued their historical steady growth, increasing by 2 percent to 134,000 tons. The record 1987 crop revenues were realized despite an 11-percent decline in the estimated average fresh pineapple price, to $362 per ton. Growers blamed foreign competition for the sharp decline in prices.

The outlook for Hawaii's pineapple industry in 1988 is optimistic. Production efficiency is at an all-time high. Combined with an expected increase in acreage cultivated, 1988 should result in another record year for production. Prices should remain stable due to strong current demand, bolstered by a lifting of pineapple import quotas by Japan. The combination of strong output and stable prices should result in strong revenue growth to the industry in 1988.

DIVERSIFIED AGRICULTURE

Diversified agricultural enterprises experienced a mixed year in production and revenues, with a modest growth rate of 2 percent to $264 million in 1987. Employment in diversified agriculture increased by a strong 16 percent to 8,500 jobs in 1987, while aggregate income rose by 3 percent, in inflation-adjusted terms, as of the third quarter of 1987.

Macadamia Nuts

The macadamia nut industry in Hawaii has been growing steadily for the

BUSINESS ACTIVITY IN HAWAII (cont.)

Series	Unit	Period	1987	1986	Percent Change 1986-87
PRIVATE PERMITS AUTHORIZED					
STATE:					
RESIDENTIAL	thous. $	annual total	664,526	548,037	21.1
Single Family Units	number	annual total	6,068	4,534	33.8
Multiple Family Units	number	annual total	1,527	2,645	−42.3
NONRESIDENTIAL	thous. $	annual total	500,580	473,587	5.7
OAHU:					
RESIDENTIAL	thous. $	annual total	390,505	332,934	17.3
Single Family Units	number	annual total	2,746	2,061	33.2
Multiple Family Units	number	annual total	553	2,098	−73.6
NONRESIDENTIAL	thous. $	annual total	363,538	200,584	81.2
MAUI CO.:					
RESIDENTIAL	thous. $	annual total	106,277	104,749	1.5
Single Family Units	number	annual total	1,119	911	22.8
Multiple Family Units	number	annual total	608	506	20.2
NONRESIDENTIAL	thous. $	annual total	58,470	48,298	21.1
HAWAII:					
RESIDENTIAL	thous. $	annual total	104,002	69,106	50.5
Single Family Units	number	annual total	1,391	1,126	23.5
Multiple Family Units	number	annual total	361	39	825.6
NONRESIDENTIAL	thous. $	annual total	38,778	162,395	−76.1
KAUAI:					
RESIDENTIAL	thous. $	annual total	63,742	42,046	51.6
Single Family Units	number	annual total	594	436	36.2
Multiple Family Units	number	annual total	5	2	150.0
NONRESIDENTIAL	thous. $	annual total	39,678	51,429	−22.8
PUBLIC CONTRACTS AWARDED					
TOTAL GOVERNMENT PROJECTS:					
STATE	thous. $	annual total	370,863	422,740	−12.3
Oahu	thous. $	annual total	292,689	312,404	−6.3
Maui County	thous. $	annual total	25,454	58,738	−56.7
Hawaii	thous. $	annual total	31,339	37,717	−16.9
Kauai	thous. $	annual total	21,383	13,065	63.7
BY LEVEL OF GOVERNMENT:					
Federal	thous. $	annual total	108,244	105,332	2.8
State	thous. $	annual total	169,262	206,663	−18.1
County	thous. $	annual total	93,446	110,746	−15.6
REAL ESTATE RESALES					
STATE: Single Family	number	annual total	4,030	3,611	11.6
Average Price	dollars	monthly ave.	234,786	185,945	26.3
Condominium	number	annual total	6,011	4,389	37.0
Average Price	dollars	monthly ave.	127,179	112,691	12.9
OAHU: Single Family	number	annual total	2,773	2,498	11.0
Average Price	dollars	monthly ave.	274,824	212,140	29.5
Condominium	number	annual total	4,721	3,408	38.5
Average Price	dollars	monthly ave.	124,750	107,857	15.7
MAUI CO.: Single Family	number	annual total	435	386	12.7
Average Price	dollars	monthly ave.	189,687	174,763	8.5
Condominium	number	annual total	848	669	26.8
Average Price	dollars	monthly ave.	146,404	142,717	2.6
HAWAII: Single Family	number	annual total	642	565	13.6
Average Price	dollars	monthly ave.	113,988	101,098	12.8
Condominium	number	annual total	219	142	54.2
Average Price	dollars	monthly ave.	129,874	104,186	24.7
KAUAI: Single Family	number	annual total	184	162	13.6
Average Price	dollars	monthly ave.	149,603	140,697	6.3
Condominium	number	annual total	214	170	25.9
Average Price	dollars	monthly ave.	122,802	101,767	20.7

p = preliminary.

POPULATION IN HAWAII

Series	Unit	Period	1987	1986	Percent Change 1986-87
POPULATION					
STATE:					
Total De Facto Population	thous.	July 1	na	1,178.8	.....
Total Resident Population	thous.	July 1	na	1,062.3	.....
OAHU:					
Total De Facto Population	thous.	July 1	na	877.3	.....
Total Resident Population	thous.	July 1	na	816.7	.....
MAUI COUNTY:					
Total De Facto Population	thous.	July 1	na	110.0	.....
Total Resident Population	thous.	July 1	na	87.6	.....
HAWAII:					
Total De Facto Population	thous.	July 1	na	120.0	.....
Total Resident Population	thous.	July 1	na	111.8	.....
KAUAI:					
Total De Facto Population	thous.	July 1	na	60.3	.....
Total Resident Population	thous.	July 1	na	46.4	.....
CIVILIAN RESIDENT POPULATION—					
STATE	thous.	July 1	na	1,004.2	.....
MILITARY PERSONNEL—					
STATE	number	July 1	60,277	58,584	2.9
Ashore	number	July 1	56,322	53,616	5.0
Afloat	number	July 1	3,955	4,968	−20.4
CIVILIAN MILITARY DEPENDENTS	number	July 1	64,850	66,210	−2.1
FOREIGN IMMIGRATION[1]	number	annual total	5,395	5,557	−2.9

INCOME IN HAWAII

Series	Unit	Period	1987	1986	Percent Change 1986-87
INCOME					
TOTAL PERSONAL INCOME**	mil. $	3rd qtr. ave.	16,778p	15,676	7.0
EMPLOYMENT INCOME[2]	mil. $	3rd qtr. ave.	12,631p	11,652	8.4
Manufacturing	mil. $	3rd qtr. ave.	569p	545	4.4
Construction & Mining	mil. $	3rd qtr. ave.	897p	744	20.6
Wholesale	mil. $	3rd qtr. ave.	493p	458	7.6
Retail	mil. $	3rd qtr. ave.	1,452p	1,319	10.1
Finance, Ins., & Real Estate	mil. $	3rd qtr. ave.	913p	813	12.3
Trans., Comm., & Util.	mil. $	3rd qtr. ave.	1,066p	963	10.7
Services	mil. $	3rd qtr. ave.	3,152p	2,935	7.4
Farm & Other	mil. $	3rd qtr. ave.	426p	375	13.6
Federal Civilian	mil. $	3rd qtr. ave.	973p	948	2.6
Federal Military	mil. $	3rd qtr. ave.	1,343p	1,295	3.7
State & Local	mil. $	3rd qtr. ave.	1,345p	1,258	6.9
PROPERTY INCOME (Dividends, Interest, & Rent)	mil. $	3rd qtr. ave.	2,430p	2,334	4.1
TRANSFER PAYMENTS (1,875) minus Personal Contributions for Social Insurance (706)	mil. $	3rd qtr. ave.	1,717p	1,690	1.6
PER CAPITA PERSONAL INCOME:					
STATE	dollars	annual total	na	14,691	.....
Oahu	dollars	annual total	na	na	.....
Maui County	dollars	annual total	na	na	.....
Hawaii	dollars	annual total	na	na	.....
Kauai	dollars	annual total	na	na	.....

**Total personal income and all components are seasonally adjusted at annual rates.

[1]Includes only those entering Honolulu ports and do not include status changes.

[2]Includes wage and salary disbursements, proprietors' income, and other labor income.

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last five years. In 1987, production increased by 2 percent to a record 45 million pounds. Average farm prices registered a slight drop to 78 cents a pound from 80 cents a pound in 1986. As a result, the estimated crop value for 1987 of $35 million will just match last year's.

Meanwhile total acreage planted in the crop continues to climb. At the end of 1987, total macadamia plantings totalled a record 21,500 acres, and growers expect to add about 570 acres in 1988. Over the past two years demand has outpaced supply, and 1988 should be no exception. Barring poor weather conditions, 1988 should be another record year for macadamia nut production and sales.

Papaya

Hawaii's papaya industry marketed an estimated 56 million pounds of fresh fruit in 1987, an 11-percent increase over the volume of papaya sold in 1986, and the third highest annual total ever. These gains were achieved in spite of poor weather, fruit-fly infestation, and some poor fruit quality during the summer harvest. However, prices declined sharply, averaging 19 cents per pound in December 1987, down by 12 percent from December 1986.

Production is projected to level off in 1988. Growing world demand, especially in the Japanese market, should lead to strong prices for 1988. Thus, the expectation is for moderate growth in production, accompanied by a rebound in prices and overall revenues in 1988.

Flowers and Nursery Products

Flower and nursery products continued to be the biggest and fastest growing segment of diversified agriculture in Hawaii. According to the latest available data, flower and nursery products accounted for $49 million worth of production in 1986. This represented an 11-percent increase over 1985 and one-third of all diversified crop sales in 1986. During that year, Hawaii was the nation's fourth largest producer of cut flowers, the fifth largest in total foliage sales, and the eleventh largest in total wholesale values of floriculture.

Of total flower and nursery products, potted plants for indoor use continued to be the leader in sales. Latest figures show sales of $13 million in 1986, up by 8 percent over 1985. Other foliage sales also recorded strong gains, with plants for landscape use up by 22 percent to $2.2 million after a 46-percent increase from the previous year.

Anthuriums, the second most valuable crop in this category, experienced a decline in sales during 1987 of 16 percent through November. However, there is no shortage of demand for these flowers and 1988 should be a strong year for production and sales.

EMPLOYMENT AND JOBS IN HAWAII

Series	Unit	Period	1987	1986	Percent Change 1986-87
EMPLOYMENT					
STATE:					
Civilian Labor Force	thous.	monthly ave.	502.0	489.1	2.6
Employment	thous.	monthly ave.	482.0	465.0	3.7
Unemployment	thous.	monthly ave.	19.9	24.9	−20.1
Unemployment Rate	percent	monthly ave.	4.0	4.9	−18.4
OAHU:					
Civilian Labor Force	thous.	monthly ave.	376.3	366.8	2.6
Employment	thous.	monthly ave.	363.9	350.6	3.8
Unemployment	thous.	monthly ave.	13.5	16.2	−16.7
Unemployment Rate	percent	monthly ave.	3.6	4.4	−18.2
MAUI COUNTY:					
Civilian Labor Force	thous.	monthly ave.	49.9	48.3	3.3
Employment	thous.	monthly ave.	47.7	45.8	4.1
Unemployment	thous.	monthly ave.	2.3	2.6	−11.5
Unemployment Rate	percent	monthly ave.	4.5	5.3	−15.1
HAWAII:					
Civilian Labor Force	thous.	monthly ave.	51.8	50.9	1.8
Employment	thous.	monthly ave.	48.7	47.0	3.6
Unemployment	thous.	monthly ave.	3.1	3.9	−20.5
Unemployment Rate	percent	monthly ave.	6.0	7.6	−21.1
KAUAI:					
Civilian Labor Force	thous.	monthly ave.	24.0	23.1	3.9
Employment	thous.	monthly ave.	22.9	21.7	5.5
Unemployment	thous.	monthly ave.	1.1	1.4	−21.4
Unemployment Rate	percent	monthly ave.	4.5	6.0	−25.0
JOB COUNT BY INDUSTRY					
TOTAL JOBS—STATE	thous.	monthly ave.	501.4	485.3	3.3
SUGAR (Mill and Field)	thous.	monthly ave.	7.0	7.3	−4.1
PINEAPPLE (Cannery and Field)	thous.	monthly ave.	4.0	4.1	−2.4
DIVERSIFIED MANUFACTURING					
(Excluding Sugar and Pineapple)	thous.	monthly ave.	16.9	16.8	0.6
Durable Goods	thous.	monthly ave.	4.1	3.9	5.1
Non-Durable Goods	thous.	monthly ave.	12.9	13.0	−0.8
Apparel and Textiles	thous.	monthly ave.	3.1	3.3	−6.1
DIVERSIFIED AGRICULTURE (Excluding Sugar And Pineapple, but including Agricultural Self-Employed)	thous.	monthly ave.	8.5	7.3	16.4
CONTRACT CONSTRUCTION	thous.	monthly ave.	21.4	19.0	12.6
TRANSPORTATION	thous.	monthly ave.	25.0	24.3	2.9
COMMUNICATION	thous.	monthly ave.	7.2	7.1	1.4
UTILITIES	thous.	monthly ave.	2.7	2.6	3.8
RETAIL TRADE	thous.	monthly ave.	100.8	97.4	3.5
WHOLESALE TRADE	thous.	monthly ave.	19.7	19.4	1.5
FINANCE, INSURANCE AND REAL ESTATE	thous.	monthly ave.	33.6	32.9	2.1
HOTEL SERVICES—STATE	thous.	monthly ave.	30.8	29.3	5.1
Oahu	thous.	monthly ave.	17.1	16.4	4.3
Maui County	thous.	monthly ave.	6.9	6.5	6.2
Hawaii	thous.	monthly ave.	4.0	4.0	0.0
Kauai	thous.	monthly ave.	2.9	2.5	16.0
OTHER SERVICES	thous.	monthly ave.	93.7	89.5	4.7
FEDERAL GOVERNMENT	thous.	monthly ave.	32.4	32.1	0.9
Civilian Agencies	thous.	monthly ave.	12.3	11.8	4.2
Defense Department	thous.	monthly ave.	20.1	20.4	−1.5
STATE GOVERNMENT	thous.	monthly ave.	49.9	48.6	2.7
COUNTY GOVERNMENT	thous.	monthly ave.	13.4	13.2	1.5
NON-AGRICULTURE SELF-EMPLOYED	thous.	monthly ave.	34.9	34.6	0.9
UNEMPLOYMENT INSURANCE					
INSURED UNEMPLOYMENT (Weekly Average)	number	monthly ave.	7,385	8,928	−17.3
INTRASTATE INITIAL CLAIMS	number	annual total	54,342	59,975	−9.4
INTERSTATE INITIAL CLAIMS	number	annual total	3,352	3,983	−15.8
UNEMPLOYMENT INSURANCE BENEFITS	thous. $	annual total	50,322	56,149	−10.4

p=preliminary.

PUBLIC ASSISTANCE IN HAWAII

Series	Unit	Period	1987	1986	Percent Change 1986-87
PUBLIC ASSISTANCE					
INCOME MAINTENANCE:					
Recipients'	no./persons	monthly ave.	49,675	53,986	−8.0
Payments	thous. $	annual total	86,732	91,099	−4.8
MEDICAL ASSISTANCE:					
Recipients'	no./patients	monthly ave.	44,873	48,207	−6.9
Payments	thous. $	annual total	164,538	162,593	1.2
FOOD STAMPS:					
Recipients'	no./persons	monthly ave.	83,599	90,434	−7.6
Payments	thous. $	annual total	84,489	88,408	−4.4
SERVICES:					
Recipients'	no./cases	quarterly ave.	7,537	7,919	−4.8
Payments	thous. $	annual total	19,490	17,991	8.3

'Count of recipients is duplicated. A person may be counted in each category.

BANKING AND FINANCE IN HAWAII

Series	Unit	Period	1987	1986	Percent Change 1986-87
FINANCE					
COMMERCIAL BANK DEPOSITS:					
STATE:					
Total Deposits	mil. $	monthly ave.	8,861.1	7,800.5	13.6
Debits To Demand Deposits	mil. $	annual total	123,167.6	110,882.1	11.1
OAHU:					
Total Deposits	mil. $	monthly ave.	7,407.2	6,486.1	14.2
Debits To Demand Deposits	mil. $	annual total	111,649.5	99,636.9	12.1
MAUI COUNTY:					
Total Deposits	mil. $	monthly ave.	568.6	500.4	13.6
Debits To Demand Deposits	mil. $	annual total	5,017.2	4,336.1	15.7
HAWAII:					
Total Deposits	mil. $	monthly ave.	603.7	554.0	9.0
Debits To Demand Deposits	mil. $	annual total	4,412.8	3,948.6	11.8
KAUAI:					
Total Deposits	mil. $	monthly ave.	281.7	260.0	8.3
Debits To Demand Deposits	mil. $	annual total	2,088.1	1,796.6	16.2
BANK LOANS OUTSTANDING—STATE:	mil. $	quarterly ave.	5,724.9	5,062.1	13.1
Real Estate	mil. $	quarterly ave.	2,495.2	2,099.3	18.9
Consumer	mil. $	quarterly ave.	1,068.7	1,085.0	−1.5
Commercial & Industrial	mil. $	quarterly ave.	1,713.5	1,468.5	16.7
Other	mil. $	quarterly ave.	304.9	328.7	−7.2
CONVENTIONAL HOME MORTGAGE RATES:					
HONOLULU	1 percent	monthly ave.	9.5	10.0	−5.0
SAVINGS & LOAN ASSOCIATIONS:[2]					
TOTAL DEPOSITS	mil. $	monthly ave.	3,632	3,538	2.7
TOTAL LOANS	mil. $	monthly ave.	115,961	109,543	5.9
MORTGAGE LOANS	mil. $	monthly ave.	102,213	95,486	7.0
TAX COLLECTIONS:[3]					
STATE	mil. $	annual total	1,924.3	1,658.5	16.0
Oahu	mil. $	annual total	1,653.5	1,421.7	16.3
Maui County	mil. $	annual total	117.9	101.4	16.3
Hawaii	mil. $	annual total	105.5	92.1	14.5
Kauai	mil. $	annual total	47.5	43.4	9.4

'1985 based on 11 months data. 1984 based on 10 months data.
'Includes data for both Hawaii and Guam. Reporting categories changed in July, 1985.
'Taxes collected by the State Department of Taxation. Excludes property taxes which were formerly collected by the State but are now collected by the Counties.

Coffee

Coffee production in Hawaii jumped by 62 percent in the 1986-87 crop year, reaching the highest level in 13 years. Favorable weather was responsible for the remarkable rate of growth after several years of poor growing conditions. In addition, prices rose to new highs, more than doubling over the past seven years. The season's crop value of $8.7 million was up by 68 percent to a new high, surpassing the old record set in 1957.

New plantings and rejuvenation of previously abandoned fields helped boost crop acreage by 10 percent from a year earlier. 2000 acres were harvested, up by 21 percent in the 1986-87 crop year. Unfortunately, most of the gains realized during the 1986-87 crop year are expected to be offset by a sharp 40- to 55-percent drop in production during the 1987-88 crop year due to weather conditions. The average farm price for Kona coffee was a relatively low $2.90 per pound over 1987 and is expected to decrease slightly in 1988. The combination of low yields and low prices is expected to drive the total value of Hawaii's coffee crop down to $4.2 million in 1988, a decrease of 52 percent.

Livestock

Beef production in Hawaii was up last year, pork and egg production declined slightly, while milk output was unchanged. Commercial beef production, at 34 million pounds, was up by 3 percent from 1986. The number of cattle slaughtered remained the same at 5300 cows, but the average weight was higher. The average farm price for feedlot beef increased by 7 percent to 87 cents per pound in 1987.

Pork production was off by 1 percent from 1986 at 6.5 million pounds as fewer hogs were slaughtered and at lighter weights. Average farm prices continued a five-year average of 104 cents per pound.

Egg production totaled 223 million eggs, down by 2 percent from 1986, while average farm prices increased by 10 percent to 80 cents per dozen. That resulted in an 8-percent increase in the value of sales to $14.8 million in 1987. Milk production, at 156 million pounds was unchanged from 1986, while average prices increased a modest 1 percent.

TRADE AND SERVICES

Bolstered by record performances in the visitor industry, Hawaii's trade and service sectors realized exceptional growth in 1987. Business receipts totalled $24.6 billion, representing an in-

crease of 11 percent over the $22.2 billion generated in 1986. Income earned by workers in the trade and service industries expanded by 8 percent to $5.2 billion in 1987. Job growth in these industries was also strong, rising by a remarkable 6 percent from 231,300 to 244,400 jobs in 1987. The significance of trade and services to the Hawaiian economy becomes more evident when it is seen that these industries account for 84 percent of the total business revenues generated in the state, 51 percent of the total employment in the state, and 49 percent of all the jobs in the state. With slow growth expected in the visitor industry for 1988, growth in the trade and services sectors may also experience a slowdown. However, these sectors will continue to be the strongest generators of revenues, income and jobs, and should continue to maintain their dominance of the Hawaiian economy.

TRANSPORTATION, COMMUNICATIONS, AND UTILITIES

The transportation, communications, and utilities sectors recorded a significant 11-percent increase in employment income to $1.1 billion in 1987, based on third-quarter averages. In terms of job growth, transportation and utilities had stronger growth than communications, but the number of jobs in the communications sector reversed a five-year trend of steady decline, increasing by 1 percent in 1987. Transportation jobs increased by 2 percent to 24,750 jobs, while utilities jobs rose by 4 percent to 2,650 jobs. Job growth in the utilities industry was reflected in the fact that the volume of electricity generated and sold statewide increased by 4 percent, while telephone lines put into service increased by a healthy 6 percent in 1987. Sales of gas for household consumption also increased by 4 percent during the year.

DIVERSIFIED MANUFACTURING

In 1987, Hawaii sold $588 million worth of diversified durable and nondurable products, a 4-percent increase over the $565 million sold in 1986. These products included in order of sales volume: processed foods (apart from sugar and pineapple processing); textiles and apparels; printed goods; construction materials; machinery and equipment; and various wood, stone, glass and clay fabrications. Income to manufacturing workers grew by 4 percent while overall employment in the industry increased by 1 percent to 16,850 jobs. Employment in durable goods manufacturing grew by 5 percent to 4,050 jobs. Nondurable manufacturing jobs fell by 1 percent to 12,800 jobs.

The outlook for diversified manufacturing is optimistic. In constant dollars, diversified manufacturing output and employment has varied little over the past 10 years. However, growth is expected to be higher than usual in 1988. More manufacturers and higher employment in the industry combined with increased demand for tourism, construction-related products, and processed foods, should boost diversified manufacturing output in 1988 by 8 to 10 percent.

GOVERNMENT

Civilian government employs 15 percent of the state's civilian labor force. In 1987, the three levels of government employed 75,550 persons, a 3-percent increase over the number employed in 1986. Earnings from civilian government-held positions amounted to $2.3 billion through the third quarter of 1987, up by 5 percent from the same period in 1986. In 1987, Federal civilian jobs totaled 12,300, an increase of 5 percent over 1986, while income increased by 3 percent to $983 million as of the third quarter. State government jobs increased by 3 percent to 49,850 jobs, while employment in the county sector increased by 2 percent to 13,400 jobs. State and county income, based on a nine-month average, grew by 7 percent to $1.3 billion. Prospects for 1988 appear to be dim in terms of federal employment, with Congress in the process of belt-tightening to reduce the national budget. State and county governments will most likely feel some pressure from federal spending cutbacks, although the current tax surplus generated at the state level could lead to increased government employment throughout the state.

CONCLUSION

The Hawaiian economy experienced a year of strong, but relatively unbalanced, growth in 1987. Tourism-related industries, and industries directly affected by foreign investment, such as construction and real estate, performed exceptionally well. Defense spending, agriculture, and manufacturing ended the year with little or no economic expansion. Overall, in 1988, due to expected slow growth in the national economy, economic growth in Hawaii can be expected to diminish, and will be heavily influenced by the rate of foreign visitors and investment coming to Hawaii during 1988.

The First Hawaiian Bank Index of Leading Economic Indicators, a summary measure of economic activity designed to signal changes in direction of the economy, registered consecutive declines over the last three months of 1987. This was attributable to sharp declines in stock prices and credit demand and does not reflect the overall condition of the economy, or signal an economic downturn. It does, however, suggest a slowdown in aggregate economic expansion in Hawaii for 1988.

Gross State Product, which is estimated to have grown by 9 percent in 1987 to $19.1 billion, is projected to increase by 7 percent to $20.5 billion in 1988. Given an expected increase in the Honolulu Consumer Price Index of 5 percent in 1988, Hawaii's economy will grow by 2 percent in inflation-adjusted terms in 1988, compared to 4 percent in 1987. Total personal income is expected to grow by 6 percent to $18 billion in 1988. Adjusted for inflation, real growth in total personal income is expected to grow by 1 percent in 1988 compared to 2 percent in 1987. Thus, the overall outlook for Hawaii's economy in 1988 is for continued moderate economic expansion, but at a much slower rate than experienced over the past two years.

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ECONOMIC INDICATORS

Research Department, First Hawaiian Bank May/June 1988

Hawaii's Increasingly High Priced Visitor Industry

Conventional wisdom about Hawaii's visitor industry says that attracting more affluent visitors increases their "economic yield," reduces cyclical instability in the market, and minimizes tourism's impact on Hawaii's fragile ecological environment. However, as more upscale developments emerge and prices increase precipitously, evidence indicates that cyclical instability may be worsened, while growth in the industry slows as Hawaii is increasingly perceived as a high-cost vacation destination.

Westbound visitors to Hawaii in 1987 came to 4.2 million persons, or 73 percent of the total 5.8 million visitors to Hawaii. On average, visitors spent $102 per person per day. Of the major expenditure categories, lodging was the largest, comprising 38 percent of total daily expenditures. Other categories were: (1) food and beverages (22 percent); (2) clothing, gifts, and souvenirs (17 percent); (3) transportation, including U-drive cars, interisland travel, and sightseeing tours (11 percent); and (4) entertainment (7 percent).

In the last six years, between the beginning of the current business cycle in 1982 and 1987, prices for lodging rose by 54 percent statewide, averaging 9 percent per year. The Honolulu Consumer Price Index (CPI) grew by 3 percent per year, hotel worker earnings by 4 percent per year, and airline fares by 4 percent per year. Thus, hotel room rates grew three times faster than the CPI, and over twice as fast as hotel worker wages and airline fares.

In contrast, between 1981 and 1985, food and beverage prices increased by 4 percent a year, retail and entertainment prices by 3 percent a year, and transportation prices remained roughly stable. Given that the CPI averaged 3 percent during that period, prices for non-lodging expenditures stayed roughly even with the rate of inflation. Thus, hotel room rates increased three times faster than prices for other visitor expenditures.

Maui hotels saw the largest price increases of 81 percent between 1982 and 1987, followed by Kona hotels (76 percent), and hotels on Waikiki beach (75 percent). The fact that hotel prices on Maui increased by 17 percent in 1986 and 10 percent in 1987 may help to account for Maui's 5-percent decline in westbound visitors in 1987. Development of an upscale visitor plant has clearly not reduced cyclical instability in the Maui visitor market and may possibly have worsened it.

Reasons for hotel price increases include rising labor costs, higher overhead expenses, and price increases in response to upscale price "leaders" coming into the market. However, one and a half million visitors, 43 percent, or nearly half of Hawaii's mainland visitors come from California, Oregon, and Washington. These visitors are price sensitive due to the proximity of Canada and Mexico as alternative destination areas. Recent upscale development has created the impression that Hawaii is an expensive vacation destination. Added to the current uncertainty in the U.S. economy, these perceptions could damage Hawaii's westbound market. Mainland visitor counts already lag 1987 by 4 percent as of the first quarter of 1988. All the counties are affected. Westbound visitor counts are down by 12 percent on Hawaii, 8 percent in Honolulu, 5 percent on Maui, and 2 percent on Kauai. Occupancy rates on all islands have also shown a disturbing decline. According to industry analysts, higher prices in Hawaii coupled with a weak economy, could push more of the west coast market toward Mexico and Canada. Thus, combined with other factors, higher prices could have an increasingly detrimental impact on Hawaii's visitor industry.

Current state tourism development policies favor the development of the Japanese visitor market as an offset to the weakening westbound sector. Japanese visitors comprise 20 percent of Hawaii's total visitors and spend nearly four times more than mainland visitors. However, nearly half of that difference is due to exchange-rate considerations. Furthermore, catering to the Japanese visitor alone does not address the issue of higher prices, and will further discourage westbound visitors to Hawaii, who constitute nearly three-fourths of Hawaii's visitor market. Strategically, increasing visitor-industry dependence on only one-fifth of the overall market could lead to increasing vulnerability to movements in the Japanese economy and fluctuating exchange rates, greater industry volatility, particularly on the neighbor islands, who have negligible Japanese visitor counts, and an eventual decline of Hawaii's overall visitor market.

There is a need for a more balanced policy of tourism development for the entire state and particularly the neighbor islands. While the Japanese market can provide short-term respite for the visitor market, longer-term considerations would support building a more diversified tourism plant in order to counteract potential volatility in the market as a result of fluctuating world economic conditions. Public policies should be designed to stimulate a broader price range of accommodations to attract a wider diversity of markets and balance out shifts in individual market segments. Otherwise, Hawaii could run the risk of gradually pricing itself out of the world tourism market.

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MAY/JUNE FEATURE STORY: HAWAII'S EXPORT INDUSTRIES

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CURRENT BUSINESS TRENDS

The Hawaiian economy continued to maintain strong growth through March. Gross business receipts, an overall measure of economic activity, totalled $8.3 billion through the first quarter of 1988, an increase of 18 percent from the same period last year. Oahu and Maui fueled the expansion with 14- and 20-percent increases, respectively. Kauai and Hawaii's economies also expanded, but at a slower rate of 7 and 4 percent, respectively.

The strength of the Hawaiian economy was supported by employment statistics. The state achieved near full employment, with approximately 512,300 out of 529,000 people in the civilian labor force gainfully employed in March. The unemployment rate fell to an all-time low of 3.2 percent in March, down by 3 percent from February, and down by 18 percent from the same period last year. Oahu experienced the largest decline in unemployment to 2.8 percent, down by 4 percent from February and 22 percent from last year. Maui, Hawaii, and Kauai all realized record declines in unemployment through the first quarter of 1988.

The total job count in Hawaii continued to show positive growth. Statewide, total jobs rose in March to 516,500 jobs, a 4-percent increase over the same period last year. Job creation was especially strong in the hotel-service industry (up 9 percent), communications industry (up 9 percent), and in miscellaneous services (up 7 percent). The largest employment decline, through March, was in the pineapple industry (down 14 percent).

The state's number one industry, tourism, rebounded in March after two months of flat growth. The total number of visitors staying overnight and longer, through the first quarter, hit a record

u. s. economic indicators

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
GROSS NATIONAL PRODUCT**					
In Current Dollars	bil. $	1st Qtr.	4,661p	1.2	6.5
In 1982 Dollars	bil. $	1st Qtr.	3,903p	0.6	3.5
PERSONAL INCOME**	bil. $	March	3,924p	0.8	6.5
INTEREST RATES					
AVERAGE PRIME RATE	percent	March	8.50	−0.1	9.7
CONSTRUCTION					
CONSTRUCTION PUT IN PLACE**	bil. $	March	401.8	1.5	3.5
CONSTRUCTION COST INDEXES:					
Residences	1982=100	Jan.	120.1	−0.5'	0.7
Apts., Hotels, Office Bldgs.	1982=100	Jan.	118.5	0.3'	1.6
EMPLOYMENT					
CIVILIAN EMPLOYMENT*	thous.	March	114,103	−0.3	2.4
UNEMPLOYMENT*	thous.	March	6,801	−2.0	−12.7
UNEMPLOYMENT RATE*	percent	March	5.5	−1.8	−14.1
PRICES					
CONSUMER PRICE INDEXES:					
Wage Earners and Clerical Workers	1982-84=100	March	115.1	0.3	3.7
All Urban Consumers	1982-84=100	March	116.5	0.4	3.9
PRODUCER PRICE INDEXES:					
Finished Goods*	1982=100	March	106.5p	0.6	1.9
All Commodities	1982=100	Feb.	104.6p	0.1	3.6

r=revised.
p=preliminary.
'Compared to November, 1987.
*Seasonally adjusted.
**Seasonally adjusted at annual rates.

business activity in hawaii

BUSINESS SALES					
GROSS BUSINESS RECEIPTS:					
STATE	mil. $	Jan.-Mar.	8,349.5	.....	18.2
Oahu	mil. $	Jan.-Mar.	7,081.5	.....	13.7
Maui County	mil. $	Jan.-Mar.	540.7	.....	19.7
Hawaii	mil. $	Jan.-Mar.	531.4	.....	3.5
Kauai	mil. $	Jan.-Mar.	195.8	.....	7.0
DIVERSIFIED MANUFACTURING	mil. $	Jan.-Mar.	156.0	.....	2.0
DIVERSIFIED AGRICULTURE	mil. $	Jan.-Mar.	85.2	.....	28.1
RETAILING	mil. $	Jan.-Mar.	2,894.9	.....	18.2
WHOLESALING	mil. $	Jan.-Mar.	2,145.5	.....	17.6
SERVICES	mil. $	Jan.-Mar.	1,985.6	.....	19.5
OAHU NEW CAR SALES	number	Jan.-Mar.	10,748	.....	12.4
HONOLULU PRICES					
HONOLULU CONSUMER PRICE INDEX:					
Wage Earners and Clerical Workers	1982-84=100	March	117.9e	0.0'	3.9
All Urban Consumers	1982-84=100	March	117.5e	0.3'	4.4
TOURISM					
VISITOR EXPENDITURES	mil. $	1987	6,500p	.....	15.3
OVERNIGHT OR LONGER VISITORS	number	March	539,290p	14.9	8.5
	number	Jan.-Mar.	1,486,960p	.....	2.6
Westbound	number	March	290,300p	−12.9	−10.2
	number	Jan.-Mar.	949,250p	.....	−12.4
Eastbound	number	March	148,990p	9.5	18.4
	number	Jan.-Mar.	437,710p	.....	20.0
AVERAGE DAILY VISITOR CENSUS	number	Jan.-Mar.	121,300p	.....	−5.1
AVERAGE LENGTH OF STAY	no. of days	Jan.-Mar.	10.5p	.....	−0.9
MEETING ATTENDANCE	number	March	n.a.	.....	n.a.
ORGANIZED GROUP TOURS	number	Jan.-Mar.	138,720p	.....	−35.3
VISITOR COUNT BY COUNTY²					
Oahu	number	March	263,990p	16.1	−14.0
	number	Jan.-Mar.	716,530p	.....	−7.7
Maui County	number	March	173,220p	10.5	3.3
	number	Jan.-Mar.	473,710p	.....	−5.0
Hawaii	number	March	68,010p	1.0	−1.3
	number	Jan.-Mar.	201,190p	.....	−11.7
Kauai	number	March	93,710p	10.7	−3.1
	number	Jan.-Mar.	256,590p	.....	−2.4

p=preliminary.
e=estimated.
'Compared to March, 1988.
²Estimated Westbound

business activity in hawaii [cont.]

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
VISITOR ACCOMMODATIONS:					
STATE	number	Feb., 1987	65,318	.....	−1.5
Oahu	number	Feb., 1987	38,815	.....	−0.5
Waikiki	number	Feb., 1987	34,014	.....	−1.8
Maui (Island)	number	Feb., 1987	13,264	.....	−1.4
Molokai	number	Feb., 1987	575	.....	−9.4
Lanai	number	Feb., 1987	10	.....	0.0
Hawaii	number	Feb., 1987	7,328	.....	0.7
Kauai	number	Feb., 1987	5,956	.....	0.6
HOTEL OCCUPANCY:					
STATE	percent	March	82.3p	−5.1	−6.6
		Jan.-Mar.	81.6p	.....	−6.8
Oahu	percent	March	87.6p	−4.7	−5.7
		Jan.-Mar.	88.1p	.....	−4.9
Maui (Island)	percent	March	82.0p	0.1	−4.0
		Jan.-Mar.	77.0p	.....	−7.1
Hawaii	percent	March	59.3p	−16.2	−10.2
		Jan.-Mar.	62.6p	.....	−13.8
Kauai	percent	March	86.4p	1.1	2.7
		Jan.-Mar.	68.9p	.....	−12.0
DEFENSE EXPENDITURES					
APPROPRIATED FUNDS TOTAL	mil. $	Yr. to 4th Qtr.		.....	
Military Payroll	mil. $	Yr. to 4th Qtr.		.....	
Civilian Payroll	mil. $	Yr. to 4th Qtr.		.....	
Local Purchases	mil. $	Yr. to 4th Qtr.		.....	
SUGAR					
VALUE OF CROP SALES (Unprocessed Cane)	mil. $	1986	233.8	.....	5.1
SUGAR PRODUCTION	thous. tons	Jan.-Mar.	123.8	.....	−13.5
AVERAGE N. Y. RAW SUGAR PRICE	$/ton	Jan.-Mar.	443.0	.....	1.8
PINEAPPLE					
VALUE OF CROP SALES (Fresh Equivalent)	thous. $	1986	99.7	.....	10.2
SHIPMENTS: FRESH	thous. lbs.	Jan.-Mar.	63,152	.....	0.8
DIVERSIFIED AGRICULTURE					
CROPS	thous. $	1986	147,734	.....	11.8
FLOWERS & NURSERY PRODUCTS	thous. $	1986	49,094	.....	11.0
Anthurium Outshipments[3]	th. dozens	Jan.-Feb.	177.4	.....	−21.1
Potted Foliage Plants	thous. $	1986	12,931	.....	7.6
FRUITS & NUTS	thous. $	1986	51,806	.....	19.8
Papaya Sales	th. lbs.	Jan.-Mar.	10,090	.....	−9.3
Average Farm Price	cents/lb.	March	33.0	13.8	24.1
Macadamia Nut Sales (in shell)	th. lbs.	1987	46,500	.....	5.7
Average Farm Price	cents/lb.	1987	78.1	.....	−2.4
VEGETABLES AND MELONS[4]	th. lbs.	Jan.-Mar.	12,948	.....	−9.8
LIVESTOCK	thous. $	1986	83,429	.....	0.7
BEEF PRODUCTION (Dressed Wt.)	th. lbs.	Jan.-Feb.	4,979	.....	−4.3
Average Farm Price (Feedlot Beef)	cents/lb.	Feb.	90.5	1.1	6.5
HOG PRODUCTION (Dressed Wt.)	th. lbs.	Jan.-Feb.	950	.....	−8.8
Average Farm Price	cents/lb.	Feb.	104.5	−0.9	2.0
MILK PRODUCTION	mil. lbs.	Jan.-Feb.	25.8	.....	−1.1
Average Price Sold to Plants	$/100 lbs.	Feb.	20.97	−0.6	2.5
EGG PRODUCTION	mil.	Jan.-Feb.	36.2	.....	1.1
Average Farm Price	cents/doz.	Feb.	80.0	−1.8	−1.2
PUBLIC UTILITIES					
ELECTRICITY GENERATED	mil. kwh.	Jan.-Mar.	1,957.0	.....	8.2
GAS SALES	th. therms.	Jan.-Mar.	13,072	.....	0.6
TELEPHONE LINES IN SERVICE	thous.	Jan.-Mar.	510.5	.....	5.3

p = preliminary.
[3]From Hawaii County.
[4]Includes snap beans, cabbage, celery, sweet corn, cucumbers, onions, green peppers, tomatoes, and watermelons.

high of 1.5 million people, a 3-percent increase over the same period last year. However, the number of westbound visitors fell by 3 percent through March to 950,000 persons. The rebound was mostly attributable to a 20-percent increase in eastbound visitors, totalling 438,000 from January to March.

The visitor industry suffered setbacks in other areas. An island-by-island look reveals that every county experienced decreases in westbound visitors through March. Hawaii sustained the largest decrease of 12 percent. Oahu was second, down by 8 percent. The average daily visitor census fell by 5 percent to 121,300 visitor days, due to the falloff in westbound visitors. Organized group tours suffered a 35-percent loss, through the first quarter, to 139,000 groups. Occupancy rates also declined islandwide with Hawaii and Kauai experiencing the biggest declines of 14 and 12 percent, respectively. This was due primarily to the decline in westbound traffic.

In agriculture, sugar production through March totalled 124,000 tons, down by 14 percent from last year. This drop in production was somewhat offset by a 2-percent increase in the New York raw sugar price to $443 per ton.

The pineapple industry experienced a stable first quarter, reversing a declining trend established in the first two months of 1988. Sixty-three million tons of fresh pineapple were shipped during the first quarter of 1988, representing a 1-percent increase over the same period last year. This was the first positive increase in the cumulative total since March 1987, when production grew by 4 percent from the previous quarter.

Diversified agriculture production figures for anthurium outshipments, papaya sales, and vegetable and melon production were all down. February anthurium shipments showed a 2-percent decrease from a year ago, continuing a downward trend that began in December of 1986. For the second consecutive month, papaya sales declined. Cumulative sales through March declined by 9 percent to 10 million pounds. The same occurred in vegetable and melon production, which experienced a 10-percent drop of 13 million pounds from last year. The only bright spot in diversified agriculture was macadamia nut sales, which were up by 6 percent from last year.

The construction industry appears to be off to another banner year with construction-put-in-place totalling $591 million, up by 27 percent through the first quarter. Building permits, an indicator of future construction growth,

showed mixed results. Oahu experienced an 18-percent decline in residential permits through March, but realized a 20-percent increase in non-residential permits. The other counties experienced just the opposite trend with increases in residential permits and decreases in non-residential permits.

Public-sector construction is also showing excellent growth. Total public contracts awarded came to $141 million as of April, 1988, an increase of 29 percent over the same period in 1987. Of the various counties, Maui and Hawaii showed the largest increases of 158 and 121 percent, respectively. As of April, public-sector construction stood at $20 million on Maui and $24 million on Hawaii. Honolulu also saw healthy growth of 24 percent to $94 million during the same period. Only Kauai saw an 84-percent decline to $2 million during the same period. Most of the public-sector work was by the state, which saw an 18-percent increase to $72 million. However, both federal and county projects saw healthy increases of 90 and 10 percent, respectively, to $38 million and $30 million.

The real estate industry continues to show strong growth. As of April of 1988, single-family units were up by 17 percent on a cumulative basis, while condominium sales were 37 percent ahead of 1987. Prices also continued to remain strong. Single-family unit prices showed a 23-percent increase as of April, at $277,365. Condominium prices increased by 13 percent to $143,604 during the same period. As of April, a total of 1,225 single-family units and 2,136 condominiums were sold. Oahu had the most active real estate market, with 792 single-family units and 1,665 condominiums sold as of April, an increase of 17 and 43 percent, respectively. Maui experienced an increase in sales of single-family units and condominiums of 8 and 10 percent, respectively. Hawaii also saw healthy growth in sales of single-family units and condominiums of 25 and 28 percent, respectively. Kauai experienced a decline in single-family home sales of 2 percent, but a healthy increase in condominium sales of 65 percent.

Another sign of the healthy economy was the general decline in unemployment and welfare assistance programs. Insured unemployment claims were down by 3 percent to 7,379 claims as of April, 1988. However, insurance benefits paid increased by 16 percent during the same period. On the other hand, income-maintenance and medical-assistance recipients declined by 7 and 3 percent, although total payments increased in both cases.

business activity in hawaii [cont.]

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
CONSTRUCTION PUT IN PLACE					
STATE:	thous. $	Jan.-Mar.	590,650	.....	27.0
Oahu	thous. $	Jan.-Mar.	507,619	.....	17.3
Maui County	thous. $	Jan.-Mar.	34,010	.....	35.6
Hawaii	thous. $	Jan.-Mar.	33,920	.....	14.4
Kauai	thous. $	Jan.-Mar.	15,101	.....	33.6
HONOLULU CONSTRUCTION COST INDEXES					
SINGLE FAMILY	1982=100	March	133.5	1.7	7.3
HIGH-RISE	1982=100	March	126.1	0.0	4.6
PRIVATE PERMITS AUTHORIZED					
STATE: RESIDENTIAL	thous. $	Jan.	42,142	.....	−11.2
Single Family Units	number	Jan.	258	.....	−50.2
Multiple Family Units	number	Jan.	38	.....	−74.3
NONRESIDENTIAL	thous. $	Jan.	17,799	.....	−60.7
OAHU: RESIDENTIAL	thous. $	Jan.-Mar.	71,242	.....	−18.0
Single Family Units	number	Jan.-Mar.	341	.....	−52.2
Multiple Family Units	number	Jan.-Mar.	193	.....	14.9
NONRESIDENTIAL	thous. $	Jan.-Mar.	84,385	.....	20.6
MAUI CO.: RESIDENTIAL	thous. $	Jan.	9,862	.....	15.3
Single Family Units	number	Jan.	130	.....	13.0
Multiple Family Units	number	Jan.	25	.....	n.a.
NONRESIDENTIAL	thous. $	Jan.	3,203	.....	−20.6
HAWAII: RESIDENTIAL	thous. $	Jan.-Mar.	31,489	.....	66.3
Single Family Units	number	Jan.-Mar.	326	.....	0.9
Multiple Family Units	number	Jan.-Mar.	228	.....	n.a.
NONRESIDENTIAL	thous. $	Jan.-Mar.	5,596	.....	−37.8
KAUAI: RESIDENTIAL	thous. $	Jan.-Mar.	23,519	.....	53.1
Single Family Units	number	Jan.-Mar.	200	.....	47.1
Multiple Family Units	number	Jan.-Mar.	11	.....	1000.0
NONRESIDENTIAL	thous. $	Jan.-Mar.	7,862	.....	−46.4
PUBLIC CONTRACTS AWARDED					
STATE	thous. $	Jan.-Mar.	117,091	.....	20.4
Oahu	thous. $	Jan.-Mar.	84,908	.....	23.6
Maui County	thous. $	Jan.-Mar.	18,432	.....	162.2
Hawaii	thous. $	Jan.-Mar.	12,445	.....	30.1
Kauai	thous. $	Jan.-Mar.	1,305	.....	−89.1
BY LEVEL OF GOVERNMENT:					
Federal	thous. $	Jan.-Mar.	36,061	.....	97.7
State	thous. $	Jan.-Mar.	51,665	.....	−0.9
County	thous. $	Jan.-Mar.	29,365	.....	9.3
REAL ESTATE RESALES					
STATE: Single Family	number	Jan.-Mar.	896	.....	21.4
Average Price	dollars	Jan.-Mar.	292,232	.....	34.5
Condominium	number	Jan.-Mar.	1,521	.....	44.9
Average Price	dollars	Jan.-Mar.	147,572	.....	21.8
OAHU: Single Family	number	Jan.-Mar.	580	.....	21.8
Average Price	dollars	Jan.-Mar.	357,709	.....	41.2
Condominium	number	Jan.-Mar.	1,154	.....	51.8
Average Price	dollars	Jan.-Mar.	143,982	.....	22.7
MAUI CO.: Single Family	number	Jan.-Mar.	129	.....	11.2
Average Price	dollars	Jan.-Mar.	223,342	.....	13.8
Condominium	number	Jan.-Mar.	248	.....	10.2
Average Price	dollars	Jan.-Mar.	175,792	.....	33.0
HAWAII: Single Family	number	Jan.-Mar.	144	.....	37.1
Average Price	dollars	Jan.-Mar.	120,583	.....	8.9
Condominium	number	Jan.-Mar.	53	.....	39.5
Average Price	dollars	Jan.-Mar.	124,350	.....	−8.9
KAUAI: Single Family	number	Jan.-Mar.	33	.....	−19.5
Average Price	dollars	Jan.-Mar.	221,152	.....	70.7
Condominium	number	Jan.-Mar.	66	.....	144.4
Average Price	dollars	Jan.-Mar.	122,941	.....	7.2

n.a. = not available.

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population in hawaii

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
POPULATION					
STATE:					
Total De Facto Population	thous.	July 1, 1986	1,176.7p	.....	2.1
Total Resident Population	thous.	July 1, 1986	1,062.3p	.....	0.8
OAHU:					
Total De Facto Population	thous.	July 1, 1986	865.1p	.....	1.0
Total Resident Population	thous.	July 1, 1986	814.6p	.....	1.5
MAUI COUNTY:					
Total De Facto Population	thous.	July 1, 1986	115.5p	.....	0.4
Total Resident Population	thous.	July 1, 1986	85.3p	.....	2.2
HAWAII:					
Total De Facto Population	thous.	July 1, 1986	115.8p	.....	2.2
Total Resident Population	thous.	July 1, 1986	109.2p	.....	1.9
KAUAI:					
Total De Facto Population	thous.	July 1, 1986	55.6p	.....	1.8
Total Resident Population	thous.	July 1, 1986	44.8	.....	1.4
CIVILIAN RESIDENT POPULATION:					
STATE	thous.	July 1, 1986	1,004.2p	.....	0.7
MILITARY PERSONNEL:					
STATE	number	July 1, 1986	60,277	.....	2.9
Ashore	number	July 1, 1986	56,322	.....	5.0
Afloat	number	July 1, 1986	3,955	.....	−20.4
CIVILIAN MILITARY DEPENDENTS	number	July 1, 1986	64,850	.....	−2.1
FOREIGN IMMIGRATION[1]	number	Jan.-Mar.	1,164	.....	−10.9

p = preliminary.
[1]Includes only those entering Honolulu ports and does not include status changes.

income in hawaii

INCOME					
TOTAL PERSONAL INCOME**	mil. $	4th Qtr.	17,138p	2.1	7.2
EMPLOYMENT INCOME[1]	mil. $	4th Qtr.	13,032p	1.8	7.1
Manufacturing	mil. $	4th Qtr.	593p	2.4	5.5
Construction & Mining	mil. $	4th Qtr.	915p	−1.8	1.2
Wholesale	mil. $	4th Qtr.	500p	1.4	5.5
Retail	mil. $	4th Qtr.	1,530p	1.5	11.5
Finance, Ins., & Real Estate	mil. $	4th Qtr.	980p	2.1	10.9
Trans., Comm., & Util.	mil. $	4th Qtr.	985p	−12.4	−2.3
Services	mil. $	4th Qtr.	3,339p	2.8	10.6
Farm & Other	mil. $	4th Qtr.	286p	−1.4	−19.9
Federal Civilian	mil. $	4th Qtr.	998p	2.1	4.6
Federal Military	mil. $	4th Qtr.	1,354p	0.0	3.7
State & Local	mil. $	4th Qtr.	1,378p	3.0	3.8
PROPERTY INCOME (Dividends, Interest, & Rent)	mil. $	4th Qtr.	2,573p	4.2	8.5
TRANSFER PAYMENTS (1,906) minus Personal Contributions for Social Insurance (732)	mil. $	4th Qtr.	1,533p	1.1	5.5
PER CAPITA PERSONAL INCOME:					
STATE	dollars	1987	15,366p	.....	3.2
Oahu	dollars	1984	13,709p	.....	5.7
Maui County	dollars	1984	11,611p	.....	5.9
Hawaii	dollars	1984	9,998p	.....	5.2
Kauai	dollars	1984	10,564p	.....	6.9

***Total personal income and all components are seasonally adjusted at annual rates.*
[1]Includes wage and salary disbursements, proprietors' income, and other labor income.
p = preliminary.

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WAIIAN BANK

HAWAII'S EXPORT INDUSTRIES

Foreign trade balances can often determine a country's economic condition. Exports allow countries to earn foreign exchange to buy imports and enhance their standard of living. Countries with strong export positions, or trade surpluses, often enjoy higher standards of living compared to countries with weak export positions or severe trade deficits.

In order for Hawaii to maintain its standard of living, it needs to generate exports to earn the money to pay for its imports. Otherwise, Hawaii would be a small agrarian economy unable to support even a fraction of today's population and consumption of goods and services.

Hawaii's exports of products to the mainland and foreign countries include sugar, pineapple, apparel, coffee, canned foods, nuts, construction materials, tropical flowers, and other diversified fruits. Exports of services include sales to tourists, the military, federal civilian agencies, shipping lines, airlines, and mainland business firms which advertise in Hawaii media or purchase other services. There are also "invisible" exports such as post office operations, payment of social security benefits, and other services sold outside the state.

In 1986, Hawaii's total commodity trade amounted to $1.7 billion, including $1.4 billion in imports and $231 million in exports. While this may look frightening, commodity exports are a relatively small part of Hawaii's trade with the rest of the world, and these figures do not take into consideration Hawaii's service exports.

Tourism and defense are exports in terms of services to visitors and the military in Hawaii. In 1987, tourists spent an estimated $6.5 billion, while the military spent some $2 billion in Hawaii. Tourist expenditures provided over 38 percent of Hawaii's total personal income of $17 billion in 1987, and defense expenditures accounted for another 12 percent. Sugar and pineapple revenues, our biggest commodity exports, together contributed about 8 percent to personal income.

Hawaii's major market is the U.S. Mainland, which supplies two-thirds of the tourist arrivals, all of the defense funds, and buys the majority of Hawaii's commodity exports. Nevertheless, foreign exports are still a major source of income to Hawaii. Asian and Pacific Rim countries accounted for nearly 18 percent of all Hawaii's commodity exports in 1986 and 30 percent of Hawaii's service exports. The 1.6 million foreign visitors that came to Hawaii in 1987

spent approximately $2 billion, eight times the value of the total commodity exports. In addition, the high volume of foreign investments pouring into Hawaii can also be construed as foreign exports. Japanese investment alone is estimated to exceed $7 billion in the three years between 1985 and 1987.

Another source of export income is jet-fuel sales to foreign aircraft landing in Hawaii. They purchase their fuel from the Hawaiian Independent Refinery Inc., which is a subzone of Foreign Trade Zone No. 9. The fuel it pumps into those foreign aircraft runs into the millions of dollars and is not counted in the tabulation of Hawaii's exports.

The income received by export industries is taxed by the state and spent on the maintenance and expansion of the state's infrastructure and services. On the other hand, the income earned by companies and workers in export industries and spent on local goods and services will, for the most part, remain in the state as income to Hawaiian residents. This income has a "multiplier effect" as it moves through the economy, gaining value while passing through various stages of expenditure. In applying the export-income multiplier, estimated at 1.72, the $8.5 billion of personal income, created from the total export sector in 1987, yielded a total income impact to the state of $14.6 billion.

Some items such as scrap metal, aircraft, jet fuel, and cement are not originally produced in Hawaii, but are purchased from elsewhere and re-exported in the same or altered form. These re-exports form a substantial portion of Hawaii's export trade with foreign countries. The income multiplier effect of these re-exports are relatively low; however, the benefits in terms of job creation, profit earnings, and tax income to the state is considerable.

Traditionally, Hawaii's total external trade balance is defined as imports (commodities, services, and out-of-state expenditures by Hawaii residents) minus exports (commodities, services, and visitor and crew expenditures). In those terms, Hawaii has had a trade deficit over the past 10 years averaging $1.5 billion. However, taking into account foreign jet-fuel sales and re-exports, Hawaii has much less of an external trade deficit or may have no deficit at all. Nevertheless, the question remains—could Hawaii's trade situation be improved?

There is general agreement that Hawaii needs to diversify its economy to be less dependent on tourism, the military, and agriculture. Unfortunately, almost

employment and jobs in hawaii

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
EMPLOYMENT					
Civilian Labor Force	thous.	March	529.0p	0.6	6.8
Employment	thous.	March	512.3p	0.7	7.6
Unemployment	thous.	March	16.7p	−4.6	−12.6
Unemployment Rate	percent	March	3.2p	−3.0	−17.9
OAHU:					
Civilian Labor Force	thous.	March	395.2p	0.7	6.2
Employment	thous.	March	384.0p	0.8	7.0
Unemployment	thous.	March	11.3p	−2.6	−15.0
Unemployment Rate	percent	March	2.8p	−3.4	−22.2
MAUI COUNTY:					
Civilian Labor Force	thous.	March	51.8p	−1.1	5.1
Employment	thous.	March	50.0p	−0.4	5.5
Unemployment	thous.	March	1.8p	−18.2	−10.0
Unemployment Rate	percent	March	3.5p	−16.7	−12.5
HAWAII:					
Civilian Labor Force	thous.	March	55.3p	0.9	9.3
Employment	thous.	March	52.6p	1.2	10.3
Unemployment	thous.	March	2.7p	−3.6	−6.9
Unemployment Rate	percent	March	4.8p	−4.0	−15.8
KAUAI:					
Civilian Labor Force	thous.	March	26.8p	1.1	16.0
Employment	thous.	March	25.8p	1.2	16.7
Unemployment	thous.	March	1.0p	0.0	11.1
Unemployment Rate	percent	March	3.7p	−5.1	−9.8
JOB COUNT BY INDUSTRY					
TOTAL JOBS—STATE	thous.	March	516.5p	0.5	4.1
SUGAR (Mill and Field)	thous.	March	6.7p	0.0	−4.3
PINEAPPLE (Cannery and Field)	thous.	March	3.2p	−13.5	−13.5
DIVERSIFIED MANUFACTURING (Excluding Sugar and Pineapple)	thous.	March	16.9p	0.6	1.5
Durable Goods	thous.	March	3.9p	−6.1	0.0
Non-Durable Goods	thous.	March	13.0p	1.6	1.6
Apparel and Textiles	thous.	March	3.1p	0.0	0.0
DIVERSIFIED AGRICULTURE (Excluding Sugar And Pineapple, but including Agricultural Self-Employed)	thous.	March	8.1p	−1.2	3.2
CONTRACT CONSTRUCTION	thous.	March	20.1p	0.0	−6.7
TRANSPORTATION	thous.	March	26.7p	0.8	9.2
COMMUNICATION	thous.	March	7.5p	1.4	4.9
UTILITIES	thous.	March	2.7p	−1.9	0.0
RETAIL TRADE	thous.	March	104.7p	0.4	4.4
WHOLESALE TRADE	thous.	March	20.5p	0.0	5.7
FINANCE, INSURANCE AND REAL ESTATE	thous.	March	34.3p	0.0	3.0
HOTEL SERVICES—STATE	thous.	March	32.6p	−0.3	8.5
Oahu	thous.	March	17.2p	0.6	2.1
Maui County	thous.	March	7.2p	0.0	7.5
Hawaii	thous.	March	4.1p	−3.6	0.0
Kauai	thous.	March	4.2p	−2.3	71.4
OTHER SERVICES	thous.	March	97.5p	0.6	5.2
FEDERAL GOVERNMENT	thous.	March	32.4p	−0.6	1.2
Civilian Agencies	thous.	March	12.4p	−0.8	3.3
Defense Department	thous.	March	20.0p	−0.7	0.0
STATE GOVERNMENT	thous.	March	54.2p	2.8	3.1
COUNTY GOVERNMENT	thous.	March	13.5p	0.0	5.1
NON-AGRICULTURE SELF-EMPLOYED	thous.	March	35.2p	2.3	9.5
UNEMPLOYMENT INSURANCE					
INSURED UNEMPLOYMENT (Weekly Average)	number	March	7,214	−12.3	−1.9
INTRASTATE INITIAL CLAIMS	number	Jan.-Mar.	15,001	.....	12.4
INTERSTATE INITIAL CLAIMS	number	Jan.-Mar.	924	.....	2.4
UNEMPLOYMENT INSURANCE BENEFITS	thous. $	Jan.-Mar.	13,603	.....	15.5

p=preliminary.
*Count of recipients is duplicated. A person may be counted in each category.

public assistance in hawaii

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
PUBLIC ASSISTANCE					
INCOME MAINTENANCE:					
Recipients[1]	no./persons	March	48,178	−0.2	−0.4
Payments	thous. $	Jan.-Mar.	24,833	.....	13.9
MEDICAL ASSISTANCE:					
Recipients[1]	no./patients	March	45,415	6.9	−2.6
Payments	thous. $	Jan.-Mar.	43,494	.....	9.3
FOOD STAMPS:					
Recipients[1]	no./persons	Feb.	79,618	−.9	−7.6
Payments	thous. $	Jan.-Feb.	12,889	.....	−10.4
SERVICES:					
Recipients[1]	no./cases	4th Qtr.	7,408	−1.5	−2.6
Payments	thous. $	Yr. to 4th Qtr.	19,490	.....	8.3

[1]Count of recipients is duplicated. A person may be counted in each category.

banking and finance in hawaii

FINANCE					
COMMERCIAL BANK DEPOSITS:					
STATE:					
Total Deposits	mil. $	March	9,538.4	−1.1	10.6
Debits To Demand Deposits	mil. $	March	11,886.8	.....	21.6
OAHU:					
Total Deposits	mil. $	March	7,956.8	1.8	10.9
Debits To Demand Deposits	mil. $	March	10,763.3	.....	22.6
MAUI COUNTY:					
Total Deposits	mil. $	March	641.7	3.6	10.8
Debits To Demand Deposits	mil. $	March	521.5	.....	12.8
HAWAII:					
Total Deposits	mil. $	March	632.5	0.8	6.7
Debits To Demand Deposits	mil. $	March	392.9	.....	8.7
KAUAI:					
Total Deposits	mil. $	March	307.5	0.7	10.3
Debits To Demand Deposits	mil. $	March	209.2	.....	19.5
BANK LOANS OUTSTANDING—STATE:	mil. $	4th Qtr.	5,724.9	4.5	13.1
Real Estate	mil. $	4th Qtr.	2,495.2	3.4	18.9
Consumer	mil. $	4th Qtr.	1,068.7	2.0	−1.5
Commercial & Industrial	mil. $	4th Qtr.	1,713.5	5.4	16.7
Other	mil. $	4th Qtr.	304.9	7.8	−7.2
CONVENTIONAL HOME MORTGAGE RATES: HONOLULU	percent	Feb.	8.5	−12.4	−3.4
SAVINGS & LOAN ASSOCIATIONS:[1]					
TOTAL DEPOSITS	mil. $	Feb.	3,910.0	0.8	11.9
TOTAL LOANS	mil. $	Feb.	94.1	3.1	−6.6
MORTGAGE LOANS	mil. $	Feb.	85.2	3.8	8.7
TAX COLLECTIONS:[2]					
STATE	thous. $	Jan.-Mar.	511,463	.....	15.9
Oahu	thous. $	Jan.-Mar.	441,015	.....	15.4
Maui County	thous. $	Jan.-Mar.	31,900	.....	20.2
Hawaii	thous. $	Jan.-Mar.	25,635	.....	10.4
Kauai	thous. $	Jan.-Mar.	12,913	.....	36.4

[1]Includes Hawaii and Guam. Reporting categories changed in July, 1985.
[2]Taxes collected by the State Department of Taxation. Excludes property taxes which were formerly collected by the State but now collected by the Counties.

anything that can be manufactured here can be produced more economically elsewhere due to the cost savings attributed to manufacturing in large quantities. For most manufacturers, Hawaii is a poor location because of the high costs of energy, land, shipping, and raw materials, not to mention high taxes and strong environmental concerns. However, these considerations apply primarily to manufacturing and do not affect services.

International trade theory states that a country or region will tend to export the commodities which most intensively utilize its natural resources. Hawaii certainly has done this with tourism and agriculture but could do more to develop other potential service export activities.

As a year-round recreational sports site, Hawaii would be an ideal location for an international ocean sports training and education center.

Hawaii could also export health care expertise to Asia and the Pacific. Hawaii could further promote health resorts and spas in Hawaii. The use of geothermally heated water for health spas is an example.

Hawaii has just recently started to take advantage of its strategic location, to develop an international financial and communications center.

Ocean mining has tremendous potential for Hawaii. At the heart of a 200-mile radius, Hawaii's undersea land area is nearly the size of Alaska. A bauxite and ocean minerals processing site could generate millions of export dollars.

The state government will play a decisive role and is involved in a number of projects to enhance Hawaii's external trade position. It is establishing better trade relations with Japan as well as other Pacific Rim trading partners. It is sponsoring trade missions to Asia and the Pacific to promote Hawaii's products and is also establishing representative offices in several locations throughout Asia and the Pacific. Through the Hawaii Visitors Bureau, the state is mounting its largest foreign advertising campaign ever, particularly in Japan and the Pacific Rim countries.

In addition to these efforts, the state could expand upon newly established federal foreign-trade incentives, as well as its existing foreign-trade zone program.

It is only by developing Hawaii's export industries that Hawaii can capitalize on its natural resources and maintain one of the world's highest standards of living.

ECONOMIC INDICATORS

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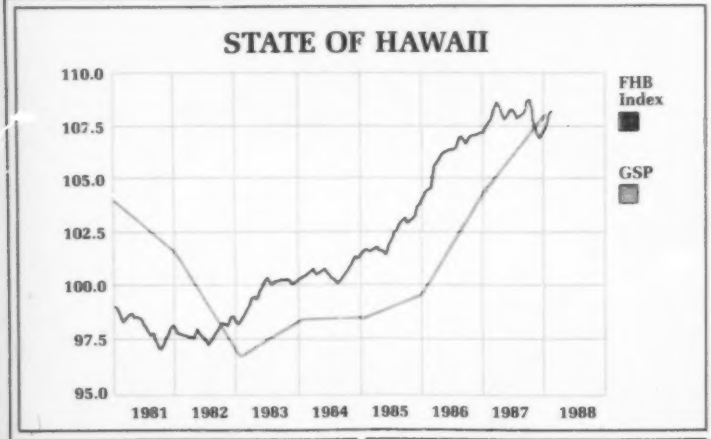

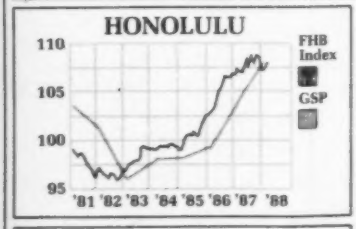

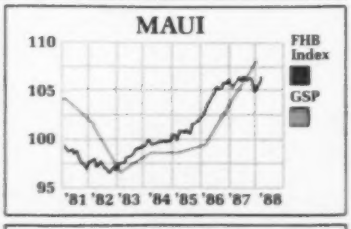

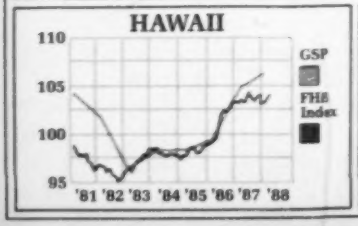

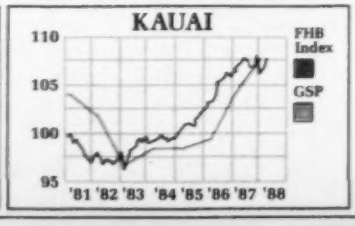

FIRST HAWAIIAN BANK INDEX OF LEADING ECONOMIC INDICATORS

The First Hawaiian Bank Index of Leading Economic Indicators extended a three month rally, up in March by 0.3 percent. During the first quarter of 1988, the index increased by 1.6 percent, recovering most of the decline of the fourth quarter of last year. Of the five base index components, Hawaiian stocks, and Federal money supply increased, while average workweek hours, the prime rate, and the consumer price index showed slight declines. Building permits, credit demand, and visitor counts also contributed to March's increase. Each of the four county indices showed moderate increases for March. The Honolulu index increased in terms of employment, credit demand, and visitor counts, despite declines in average workweek hours and building permits. Maui realized gains in all categories, but was strongest in employment, credit demand, and visitor counts. On the Big Isle, large gains were experienced in public contracts awarded and visitor counts. Kauai also experienced increases in all categories, especially visitor counts and credit demand.

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ECONOMIC INDICATORS

Research Department, First Hawaiian Bank July/August 1988

Property Tax Reform in Hawaii

The real property tax is the primary revenue source for county governments in Hawaii and accounts for 84 percent of total tax revenues collected by Hawaii's counties. This heavy reliance on the property tax is causing high tax pressures on urban taxpayers. Meanwhile, offical state projections point to increasing growth pressures into the next century, particularly on the neighbor islands. This will increase the demand for housing and urban services in the face of already limited county fiscal resources. Reform of the property tax system will be necessary to increase fiscal resources for Hawaii's counties, and reduce the heavy tax burden on Hawaii's existing taxpayers.

Hawaii's real property tax system is based on the classification of the roughly 4 million acres of land that comprise the total land area of the state. Of that total, urban lands, which include residential, apartment, commercial and industrial, and hotel and resort lands, comprise 152,300 acres or 4 percent of the total land base. Agricultural and conservation lands constitute the remaining 3.8 million acres, or 96 percent of Hawaii's land. However, urban properties paid 93 percent of total property taxes in fiscal-year 1987, in spite of the fact that they comprised only 4 percent of the total land base.

Part of the reason for the huge disparity between the distribution of land use and tax burdens stems from the fact that the average assessed value of urban land comes to $339,000 per acre, or over 220 times the average valuation of agricultural land of $1,500 per acre. As a result, urban taxpayers paid $2,100 per acre in taxes, or over 192 times the $11 per acre paid by agricultural properties.

This system of land distribution where agricultural and conservation properties comprise 96 percent of the land area, but pay only 7 percent of total property taxes, shifts virtually the entire property tax burden to urban taxpayers, and is an important reason for Hawaii's high urban land and housing prices. With all urban activities, and Hawaii's over one-million people living on only 4 percent of the land area of the state, in the 30 years between 1955 and 1985, the assessed value of land rose by 22 times compared to 6 times for the cost of construction and 7 times for personal disposable income. Land costs are the major factor in Hawaii's high home prices, which are among the highest in the country. Any attempt to reform the property tax system in Hawaii needs to re-examine the entire structure of Hawaii's land use distribution system to bring about a better balance between the economic use of our land, the fiscal needs of our county governments, and the public need for affordable housing and urban services.

In today's world of increasing urbanization and population pressure, there is a clear need to convert more land from agricultural to urban uses. Only 17 percent, or 330,000 acres, of the 1.9 million acres in agriculture are actually under cultivation, while 83 percent, or 1.6 million acres, remain virtually unused. This comes to over 10 times the total existing urban land area of Hawaii of 152,000 acres. Converting some of this land to urban uses would have the effect of expanding the urban land base, creating a larger tax base for the counties, and reducing the tax burden on existing urban taxpayers. At the same time, creating more urban land will tend to reduce its price and create an incentive for the private sector to meet the high public demand for housing and urban services. The result would be greater private involvement in the provision of housing and urban services, and less need for direct government intervention in the provision of housing.

High urban land costs, resulting from Hawaii's system of land distribution, make it difficult for both the government and the private sector to provide affordable housing. Reducing the price of urban land through land conversions reduces the land-cost constraint and the overall price of housing. This stimulates both household demand and the incentive for the private-sector to provide affordable housing. In the end, the community benefits through lower property taxes, more affordable housing, and more jobs, the private sector benefits through more business activity and more economic use of former agricultural lands, and the state and county governments benefit from increased tax revenues and reduced housing expenditure requirements.

In many ways, while showing the economic and social characteristics of a modern, urban, information-based service economy, we continue to exist in an almost feudal land system unchanged since the plantation era of a century ago. The preservation of agricultural lands has been an important part of Hawaii's agricultural past, and has contributed to Hawaii's scenic beauty as a visitor destination. However, maintaining lands in agriculture has been achieved at a very high social cost in terms of high urban land prices and housing shortages, high property taxes for urban taxpayers, and increased fiscal pressures on counties in the face of growing expenditure requirements. How we face the challenges of growth in the next century and resolve this issue by developing a more unified land use and fiscal system will determine the quality of life for generations to follow.

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JULY/AUGUST FEATURE STORY: HAWAII AND THE WORLD PINEAPPLE MARKET

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CURRENT BUSINESS TRENDS

The Hawaiian economy continued to expand through April. Business activity, as measured by gross business receipts, grew by 6 percent over March and 16 percent over last year. Oahu experienced the largest gain of 17 percent, followed by Hawaii County with 11 percent.

Unemployment in Hawaii showed a marginal increase to 3 percent from April's record low of 2.9 percent. However, Hawaii's unemployment rate still compares favorably with the U.S. average for May of 5.5 percent.

The change in unemployment differed among counties. Hawaii County had the highest level of unemployment, but posted the only monthly decrease in the state, from 4.9 percent in April to 4.7 percent in May. Oahu experienced the lowest unemployment rate of 2.7 percent in May, but the largest monthly increase. Maui and Kauai also posted increases to 3.2 and 3.7 percent unemployment, respectively.

Job counts in Hawaii decreased to 519,100 jobs in May from 521,300 jobs in April. However, on a cumulative basis, the entire state is still 2 percent ahead of last year. Kauai and Maui Counties increased their number of jobs by 8 percent and 7 percent above 1987, respectively. Oahu and Hawaii showed modest increases of 2 percent and 1 percent, respectively.

Tourism, the state's largest industry, still shows healthy growth. The total overnight-and-longer visitor count increased by 3.6 percent to 477,950 visitors in May, up from 461,180 visitors in April. Eastbound visitors, mostly Japanese tourists, increased by 9 percent over April and 23 percent over the same period last year. On the other hand, the westbound visitor count increased a more modest 2 percent over April and declined by one percent since last year.

u. s. economic indicators

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
GROSS NATIONAL PRODUCT**					
In Current Dollars	bil. $	1st Qtr.	4,665 r	1.3	6.6
In 1982 Dollars	bil. $	1st Qtr.	3,915 r	0.9	3.8
PERSONAL INCOME**	bil. $	May	3,954	0.3	6.6
INTEREST RATES					
AVERAGE PRIME RATE	percent	June	9.00	1.8	9.1
CONSTRUCTION					
CONSTRUCTION PUT IN PLACE**	bil. $	April	401.8p	0.1	1.4
CONSTRUCTION COST INDEXES:					
Residences	1982 = 100	March	121.8	1.4'	2.4
Apts., Hotels, Office Bldgs.	1982 = 100	March	119.6	0.9'	2.5
EMPLOYMENT					
CIVILIAN EMPLOYMENT*	thous.	May	114,195	−0.5	1.7
UNEMPLOYMENT*	thous.	May	6,783	2.6	−10.4
UNEMPLOYMENT RATE*	percent	May	5.5	1.9	−11.3
PRICES					
CONSUMER PRICE INDEXES:					
Wage Earners and Clerical Workers	1982 = 100	May	116.2	0.4	3.8
All Urban Consumers	1982 = 100	May	117.5	0.3	3.9
PRODUCER PRICE INDEXES:					
Finished Goods*	1982 = 100	May	107.4p	0.5	2.0
All Commodities	1982 = 100	April	105.8p	0.9	3.8

r = revised.
p = preliminary.
'Compared to January, 1988.
*Seasonally adjusted.
**Seasonally adjusted at annual rates.

business activity in hawaii

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
BUSINESS SALES					
GROSS BUSINESS RECEIPTS:					
STATE	mil. $	Jan.-Apr.	10,959.8	.....	15.5
Oahu	mil. $	Jan.-Apr.	9,291.4	.....	16.7
Maui County	mil. $	Jan.-Apr.	657.6	.....	9.0
Hawaii	mil. $	Jan.-Apr.	753.3	.....	10.9
Kauai	mil. $	Jan.-Apr.	257.6	.....	5.4
DIVERSIFIED MANUFACTURING	mil. $	Jan.-Apr.	210.4	.....	1.0
DIVERSIFIED AGRICULTURE	mil. $	Jan.-Apr.	114.7	.....	26.1
RETAILING	mil. $	Jan.-Apr.	3,800.0	.....	17.8
WHOLESALING	mil. $	Jan.-Apr.	2,809.5	.....	14.4
SERVICES	mil. $	Jan.-Apr.	2,599.8	.....	13.4
OAHU NEW CAR SALES	number	Jan.-June	19,348p	.....	−0.5
HONOLULU PRICES					
HONOLULU CONSUMER PRICE INDEX:					
Wage Earners and Clerical Workers	1982 = 100	2nd half 87	117.6	2.9'	6.2
All Urban Consumers	1982 = 100	2nd half 87	116.5	2.8'	6.0
TOURISM					
VISITOR EXPENDITURES	mil. $	1987	6,600	.....	15.3
OVERNIGHT OR LONGER VISITORS	number	May	477,950p	3.6	11.1
	number	Jan.-May	2,426,090p	.....	5.3
Westbound	number	May	331,290p	1.5	5.5
	number	Jan.-May	1,706,860p	.....	−0.7
Eastbound	number	May	146,660p	8.8	26.5
	number	Jan.-May	719,210p	.....	23.1
AVERAGE DAILY VISITOR CENSUS	number	Jan.-May	113,820p	.....	−2.3
AVERAGE LENGTH OF STAY	no. of days	Jan.-May	10.1p	.....	−1.0
MEETING ATTENDANCE	number	May	30,207	.....	7.2
ORGANIZED GROUP TOURS	number	Jan.-May	232,790p	.....	−30.4
VISITOR COUNT BY COUNTY:					
Oahu	number	May	233,360p	6.0	1.9
	number	Jan.-May	1,169,980p	.....	−5.0
Maui County	number	May	147,990p	−4.0	4.8
	number	Jan.-May	775,830p	.....	−1.4
Hawaii	number	May	53,800p	−9.7	−7.0
	number	Jan.-May	314,560p	.....	−8.5
Kauai	number	May	84,720p	2.3	8.8
	number	Jan.-May	424,130p	.....	0.8

p = preliminary.
e = estimated.
'Compared to 1st. half 1987.
*Estimated Westbound

business activity in hawaii [cont.]

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
VISITOR ACCOMMODATIONS:					
STATE	number	Feb., 1988	69,012	.....	5.7
Oahu	number	Feb., 1988	37,841	.....	−2.5
Waikiki	number	Feb., 1988	33,661	.....	−1.0
Maui (Island)	number	Feb., 1988	14,591	.....	10.0
Molokai	number	Feb., 1988	567	.....	−1.4
Lanai	number	Feb., 1988	10	.....	0.0
Hawaii	number	Feb., 1988	8,823	.....	20.4
Kauai	number	Feb., 1988	7,180	.....	20.6
HOTEL OCCUPANCY:					
STATE	percent	May	73.4p	−0.9	−4.8
		Jan.-May	79.0p	.....	−5.6
Oahu	percent	May	79.5p	1.7	−0.9
		Jan.-May	85.0p	.....	−3.4
Maui (Island)	percent	May	70.6p	−8.0	−8.1
		Jan.-May	76.1p	.....	−6.0
Hawaii	percent	May	46.3p	−15.0	−23.2
		Jan.-May	58.0p	.....	−14.3
Kauai	percent	May	69.9p	6.6	−9.5
		Jan.-May	68.9p	.....	−10.5
DEFENSE EXPENDITURES					
APPROPRIATED FUNDS, TOTAL	mil. $	Yr. to 3rd Qtr.	1,469.4	.....	4.2
Military Payroll	mil. $	Yr. to 3rd Qtr.	649.7	.....	4.0
Civilian Payroll	mil. $	Yr. to 3rd Qtr.	448.8	.....	−1.4
Local Purchases	mil. $	Yr. to 3rd Qtr.	370.9	.....	12.3
SUGAR					
VALUE OF CROP SALES:					
(Unprocessed Cane)	mil. $	1986	233.8	.....	5.1
SUGAR PRODUCTION	thous. tons	Jan.-May	303.9	.....	5.5
AVERAGE N. Y. RAW SUGAR PRICE	$/ton	Jan.-May	441.6	.....	1.4
PINEAPPLE					
VALUE OF CROP SALES:					
(Fresh Equivalent)	thous. $	1987	99.3	.....	−0.4
SHIPMENTS, FRESH	thous. lbs.	Jan.-June	135,931	.....	2.3
DIVERSIFIED AGRICULTURE					
CROPS	thous. $	1986	147,734	.....	11.8
FLOWERS & FOLIAGE** PRODUCTS	thous. $	1986	49,094	.....	11.0
Anthurium Outshipments	th. dozens	Jan.-Apr.	393.0	.....	−12.7
Potted Foliage Plants	thous. $	1986	12,931	.....	7.6
FRUITS & NUTS	thous. $	1986	51,806	.....	19.8
Papaya Sales	th. lbs.	Jan.-May	18,795	.....	−3.3
Average Farm Price	cents/lb.	May	27.0	−12.9	10.7
Macadamia Nut Sales, In Shell	th. lbs.	1987	46,500	.....	5.7
Average Farm Price	cents/lb.	1987	78.1	.....	−2.4
VEGETABLES AND MELONS*	th. lbs.	Jan.-May	26,873p	.....	−2.2
LIVESTOCK	thous. $	1986	83,429	.....	0.7
BEEF PRODUCTION (Dressed Wt.)	th. lbs.	Jan.-Apr.	10,346	.....	−7.4
Average Farm Price (Feedlot Beef)	cents/lb.	April	94.5	2.7	6.2
HOG PRODUCTION (Dressed Wt.)	th. lbs.	Jan.-Apr.	2,035	.....	−3.1
Average Farm Price	cents/lb.	April	105.0p	0.5	3.4
MILK PRODUCTION	mil. lbs.	Jan.-May	68.2	.....	−0.4
Average Price Sold to Plants	$/100 lbs.	May	20.11	3.8	1.9
EGG PRODUCTION	mil.	Jan.-May	93.5	.....	−0.4
Average Farm Price	cents/doz.	May	81.5	1.2	−0.6
PUBLIC UTILITIES					
ELECTRICITY GENERATED	mil. kwh.	Jan.-May	3,283.6	.....	8.1
GAS SALES	th. therms.	Jan.-May	21,633	.....	0.7
TELEPHONE LINES IN SERVICE	thous.	Jan.-May	510.7	.....	4.7

p = preliminary.
*From Hawaii County.
**Includes snap beans, cabbage, celery, sweet corn, cucumbers, onions, green peppers, tomatoes, and watermelons.

Oahu led the counties with a 6-percent increase over April to 233,360 visitors, but is down by 5 percent over last year. Kauai had more modest growth of 2 percent in May, to 84,720 visitors, and is ahead by one percent over last year. On the other hand, visitor counts fell for Maui and Hawaii, to 147,990 and 53,800 visitors, respectively. On a cumulative basis, Maui and Hawaii were one percent and 8 percent lower than last year, respectively.

Statewide, the hotel occupancy rate declined from 74 percent in April to 73 percent in May. While Oahu hotels increased their occupancy rate to 80 percent, Hawaii County's declined by 15 percent to an occupancy rate of 46 percent, the lowest in the state.

Visitor accommodations grew by 6 percent overall, to 69,012 units. Once Waikiki held 80 percent of all visitor accommodations. However, since the 1970s tourism activities have shifted more toward the neighbor islands. In the past year alone, Maui, Hawaii, and Kauai Counties added 10, 20 and 21 percent, respectively, to their total hotel and condominium inventories. Waikiki now has half of all visitor accommodations, statewide.

Production levels increased for fresh pineapple and sugar. Fresh pineapple shipments increased by 2 percent through June. Likewise, sugar production increased by 6 percent to 303,900 tons for the period ending May. However, the drought on the mainland that has affected beet sugar production, helped to increased the average New York raw sugar price by one percent to $441.6 per ton through May.

Diversified agricultural production declined through 1988. Cumulative outshipments of anthuriums through April, declined by 13 percent to 393,000 dozens. Papaya sales through May fell by 3 percent over last year to 19 million pounds. Vegetable and melon production declined by a more moderate 2 percent through May, to 27 million pounds.

So far, 1988 appears to be a boom year for construction. Construction-put-in place increased to $794 million through April. This represents a 27-percent increase over last year. Every county experienced gains, the largest being Hawaii County with a 45-percent increase over last year. Maui County followed with a 27-percent increase. Oahu and Kauai trailed with increases of 26 and 25 percent over last year, respectively.

Private permits authorized, the gauge of future construction activity, showed mixed results. Residential authorized permits on Oahu decreased by a modest one percent over last year, to $182 mil-

lion for the period ending in May. However, non-residential authorized permits decreased by 17 percent to $117 million over the same period last year.

Hawaii and Kauai experienced different patterns in private permits authorized. Hawaii saw an increase in the number of residential permits by 46 percent to $48 million, but a decrease in the number of non-residential permits authorized by 8 percent to $15 million through May. Likewise, Kauai saw an increase of 54 percent in residential permits to $38 million, but a decrease in non-residential permits by 18 percent to $17 million.

Public contracts awarded for the state increased by 2 percent over last year, through the period ending May. Maui and Hawaii Counties had increases of 113 and 62 percent, respectively. Oahu decreased by 7 percent, to $107 million. Kauai dropped by 61 percent over last year, to $6 million.

The real estate industry continues to grow through June. The number of single-family and condominium units sold increased by 9 and 31 percent over last year, respectively. The statewide average price of single-family units increased to $267,777, a 16-percent increase over last year. Likewise, the average price of condominiums rose by 12 percent over last year to $140,659. Oahu had the highest average price for single-family homes of $318,902, an 18-percent increase over last year. Maui County had the highest average condominium price of $178,796, a 25-percent increase. These huge increases in real estate prices reflect the small inventory of Hawaii's real estate market, and the overall shortage of housing in Hawaii.

Financial activity in Hawaii remained strong. Total bank deposits increased by 10 percent over last year as of this past April. Every county posted increases. Total bank loans for the first quarter, 1988, stood at $5.8 billion, 11 percent ahead of last year. Real estate loans led the increase at $2.6 billion, 17 percent ahead of last year. Commercial and industrial loans increased by 14 percent and stand at $1.8 billion.

Tax collections also point to the health of business activity. Overall, $894 million was collected through May, up by 11 percent from a year ago. Kauai's taxes amounted to $23 million, up by 28 percent from 1987. Hawaii County's taxes increased by 11 percent to $47 million. Maui County experienced more moderate growth in business activity. Their tax collections increased by 6 percent to $49 million as of this past May, while Oahu's tax collection rose by 11 percent to $774 million.

business activity in hawaii [cont.]

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
CONSTRUCTION PUT IN PLACE					
STATE	thous. $	Jan.-Apr.	794,474	.....	27.1
Oahu	thous. $	Jan.-Apr.	679,647	.....	25.9
Maui County	thous. $	Jan.-Apr.	39,982	.....	26.7
Hawaii	thous. $	Jan.-Apr.	56,168	.....	44.9
Kauai	thous. $	Jan.-Apr.	18,677	.....	24.8
HONOLULU CONSTRUCTION COST INDEXES					
SINGLE FAMILY	1982 = 100	May	131.2	−0.3	5.4
HIGH-RISE	1982 = 100	May	124.8	1.1	3.4
PRIVATE PERMITS AUTHORIZED					
STATE: RESIDENTIAL	thous. $	Jan.-Mar.	163,655	.....	12.5
Single Family Units	number	Jan.-Mar.	1,219	.....	−17.7
Multiple Family Units	number	Jan.-Mar.	534	.....	212.3
NONRESIDENTIAL	thous. $	Jan.-Mar.	155,401	.....	47.9
OAHU: RESIDENTIAL	thous. $	Jan.-May	181,819	.....	−1.2
Single Family Units	number	Jan.-May	757	.....	−35.6
Multiple Family Units	number	Jan.-May	575	.....	108.3
NONRESIDENTIAL	thous. $	Jan.-May	117,355	.....	−17.1
MAUI CO.: RESIDENTIAL	thous. $	Jan.-Mar.	37,952	.....	56.3
Single Family Units	number	Jan.-Mar.	352	.....	13.5
Multiple Family Units	number	Jan.-Mar.	102	.....	5000.0
NONRESIDENTIAL	thous. $	Jan.-Mar.	57,287	.....	451.6
HAWAII: RESIDENTIAL	thous. $	Jan.-May	47,934	.....	46.2
Single Family Units	number	Jan.-May	607	.....	16.5
Multiple Family Units	number	Jan.-May	230	.....	11,400
NONRESIDENTIAL	thous. $	Jan.-May	14,700	.....	−8.0
KAUAI: RESIDENTIAL	thous. $	Jan.-May	38,372	.....	53.5
Single Family Units	number	Jan.-May	314	.....	35.3
Multiple Family Units	number	Jan.-May	4	.....	33.3
NONRESIDENTIAL	thous. $	Jan.-May	16,781	.....	−17.9
PUBLIC CONTRACTS AWARDED					
STATE	thous. $	Jan.-May	158,724	.....	2.2
Oahu	thous. $	Jan.-May	106,513	.....	−7.3
Maui County	thous. $	Jan.-May	21,548	.....	113.3
Hawaii	thous. $	Jan.-May	24,805	.....	61.9
Kauai	thous. $	Jan.-May	5,858	.....	−60.9
BY LEVEL OF GOVERNMENT					
Federal	thous. $	Jan.-May	40,205	.....	51.5
State	thous. $	Jan.-May	85,813	.....	14.6
County	thous. $	Jan.-May	32,707	.....	−39.4
REAL ESTATE RESALES					
STATE: Single Family	number	Jan.-June	1,961	.....	8.5
Average Price	dollars	Jan.-June	267,777	.....	15.9
Condominium	number	Jan.-June	3,484	.....	31.0
Average Price	dollars	Jan.-June	140,659	.....	11.9
OAHU: Single Family	number	Jan.-June	1,253	.....	2.0
Average Price	dollars	Jan.-June	318,902	.....	17.9
Condominium	number	Jan.-June	2,725	.....	34.1
Average Price	dollars	Jan.-June	134,764	.....	10.4
MAUI CO.: Single Family	number	Jan.-June	265	.....	12.8
Average Price	dollars	Jan.-June	238,443	.....	26.7
Condominium	number	Jan.-June	527	.....	16.9
Average Price	dollars	Jan.-June	178,796	.....	25.3
HAWAII: Single Family	number	Jan.-June	347	.....	28.0
Average Price	dollars	Jan.-June	128,563	.....	14.7
Condominium	number	Jan.-June	106	.....	20.5
Average Price	dollars	Jan.-June	121,267	.....	−13.8
KAUAI: Single Family	number	Jan.-June	86	.....	10.3
Average Price	dollars	Jan.-June	206,133	.....	44.1
Condominium	number	Jan.-June	126	.....	43.2
Average Price	dollars	Jan.-June	124,948	.....	−0.9

n.a. = not available

population in hawaii

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
POPULATION					
STATE					
Total De Facto Population	thous.	July 1, 1986	1,178.1p	.....	2.3
Total Resident Population	thous.	July 1, 1986	1,062.3p	.....	0.8
OAHU:					
Total De Facto Population	thous.	July 1, 1986	877.3p	.....	1.4
Total Resident Population	thous.	July 1, 1986	816.7p	.....	0.7
MAUI COUNTY:					
Total De Facto Population	thous.	July 1, 1986	120.2p	.....	4.0
Total Resident Population	thous.	July 1, 1986	87.5p	.....	2.6
HAWAII:					
Total De Facto Population	thous.	July 1, 1986	120.0p	.....	3.7
Total Resident Population	thous.	July 1, 1986	111.8p	.....	2.4
KAUAI:					
Total De Facto Population	thous.	July 1, 1986	60.5p	.....	8.7
Total Resident Population	thous.	July 1, 1986	46.3p	.....	3.4
CIVILIAN RESIDENT POPULATION					
STATE	thous.	July 1, 1986	1,004.2p	.....	0.7
MILITARY PERSONNEL					
STATE	number	July 1, 1987	60,277	.....	2.9
Ashore	number	July 1, 1987	56,322	.....	5.0
Afloat	number	July 1, 1987	3,755	.....	−20.4
CIVILIAN MILITARY DEPENDENTS	number	July 1, 1987	64,850	.....	−2.1
FOREIGN IMMIGRATION	number	Jan.-June	2,092	.....	−32.2

p = preliminary.
*Includes only those entering Honolulu ports and does not include status changes.

income in hawaii

INCOME					
TOTAL PERSONAL INCOME**	mil. $	4th Qtr.	17,138p	2.1	7.2
EMPLOYMENT INCOME*	mil. $	4th Qtr.	13,032p	1.8	7.1
Manufacturing	mil. $	4th Qtr.	593p	2.4	5.5
Construction & Mining	mil. $	4th Qtr.	915p	−1.8	1.2
Wholesale	mil. $	4th Qtr.	500p	1.4	5.5
Retail	mil. $	4th Qtr.	1,530p	1.5	11.5
Finance, Ins., & Real Estate	mil. $	4th Qtr.	980p	2.1	10.9
Trans., Comm., & Util.	mil. $	4th Qtr.	1,158p	2.9	14.9
Services	mil. $	4th Qtr.	3,339p	2.8	10.6
Farm & Other	mil. $	4th Qtr.	286p	−1.4	−19.9
Federal Civilian	mil. $	4th Qtr.	998p	2.1	4.6
Federal Military	mil. $	4th Qtr.	1,354p	0.0	3.7
State & Local	mil. $	4th Qtr.	1,378p	3.0	3.8
PROPERTY INCOME					
(Dividends, Interest, & Rent)	mil. $	4th Qtr.	2,573p	4.2	8.5
TRANSFER PAYMENTS					
(1,906) minus Personal Contributions for Social Insurance (732)	mil. $	4th Qtr.	1,533p	1.1	5.5
PER CAPITA PERSONAL INCOME					
STATE	dollars	1987	15,366p	.....	4.8
Oahu	dollars	1986	15,380p	.....	5.8
Maui County	dollars	1986	13,254p	.....	6.5
Hawaii	dollars	1986	11,533p	.....	6.4
Kauai	dollars	1986	12,107p	.....	7.1

**Total personal income and all components are seasonally adjusted at annual rates.
*Includes wage and salary disbursements, proprietors' income, and other labor income.
p = preliminary.

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HAWAII AND THE WORLD PINEAPPLE MARKET

Sugar and pineapple are Hawaii's two largest agricultural industries. While the sugar industry operates in a highly regulated market structure, the market for pineapple is very competitive. The four pineapple companies in Hawaii are: Castle and Cooke's Dole Hawaii Division; R.J. Reynolds' Del Monte; Maui Land and Pineapple's Maui Pineapple Company Ltd.; and C. Brewer's Wailuku Agribusiness. Wailuku Agribusiness supplies Maui Pineapple with fresh fruit. The other companies compete in the larger world market.

Pineapple production is centered primarily in Maui County and Oahu. As of 1986, 24,000 acres were devoted to pineapple in Maui County versus 12,000 acres on Oahu. Likewise, Maui produced twice as many pineapples as Oahu, or 415,000 tons versus 213,000 tons. However, compared to Honolulu's diversified economy, Maui County still remains dependent on the pineapple industry as a major part of its economy.

As part of Maui County, Molokai and Lanai are major pineapple producers. However, Del Monte this year will terminate operations on Molokai. Efforts have been made to relocate part of the workforce to Oahu, where Del Monte plans to increase its pineapple acreage. Lanai's economy, almost totally dependent on pineapple, is undergoing changes through efforts to establish tourism on that island. This will create new employment opportunities for its residents.

Hawaii is a relatively small player in the world production of pineapple, although, at one time, the islands accounted for 80 percent of the world crop. In 1987, Hawaii produced 692,000 tons of pineapple. This constituted about two-thirds of total U.S. supply of pineapples. For example, 558,000 tons of pineapple were processed in Hawaii in the form of whole and broken slices, chunks, tidbits, crushed pineapple, and juices. The nation, however, imported an additional 263,844 tons of canned pineapple, 51,801 tons of concentrated pineapple juice, and 7,068 gallons of unconcentrated pineapple juice from foreign producers with a total value of $193 million. In addition, Hawaii produced 134,000 tons of fresh pineapple for the U.S. market in 1987. However, the nation imported another 89,042 tons from foreign producers in the same year at a price of $24 million.

Overall, demand for pineapples in the nation has been growing steadily. In

1987, imports of fresh pineapples from foreign sources increased by 5 percent to 89,042 tons. 85,419 tons, or 96 percent, of total U.S. imports came from the Carribean Basin Initiative (CBI) countries composed of Costa Rica, Honduras, the Dominican Republic, Guatemala, and Panama. Costa Rica and Honduras comprised the largest portion of U.S. imports of 38,414 and 34,125 tons, respectively.

U.S. imports of canned pineapples increased from 202,036 tons in 1983 to 263,844 tons in 1987, for a 31-percent increase. The largest exporters of canned pineapples are the East Asian and Pacific countries. The Philippines, Thailand, Hong Kong, Singapore, Republic of China (Taiwan), Malaysia, and the Republic of Korea are members of this group. In the five-year period from 1983 to 1987, their exports to the U.S. increased by 40 percent from 182,387 to 255,177 tons. The major producers in 1987 were the Philippines and Thailand at 111,004 and 113,430 tons, respectively.

According to the U.S. Department of Agriculture, in 1988, the Philippines is projected to increase total production by 1 percent to 235,400 tons, and Thailand by 8 percent to 297,000 tons. As in the past, both countries will ship the bulk of their production to the United States.

Total U.S. imports of concentrated pineapple juice decreased in 1987 by 15 percent to 51,802 tons. The major producers were, again, the East Asian and Pacific countries, which shipped 44,169 tons to the U.S., or 85 percent of total imported juice concentrate in 1987. As with canned pineapple, the largest shipments came from the Philippines and Thailand at 22,895 and 18,369 tons, respectively.

Finally, U.S. imports of unconcentrated juice grew by 47 percent to 7,068 gallons compared to 4,800 gallons in 1983. The East Asian and Pacific countries led with 6,902 gallons in 1987. The Philippines accounted for almost the entire shipment with 6,882 gallons, or over 99 percent of unconcentrated juice imports to the U.S.

While the U.S. is a net importer of pineapple, some American pineapple is exported to other countries. However, the value of pineapple exports, consisting of pineapple juice and canned pineapple stood at a relatively low $4 million and $6 million, respectively for 1987.

For years, Canada has been the largest importer of American processed pineapple. They imported 5,139 tons in 1987, at a value of $3 million. Hawaii produces most of the pineapple exported to Canada. Some is shipped directly to Canada, and some is shipped indirectly through other states. In 1987, Hawaii shipped 140 tons, or $110,000 worth of pineapples directly to Canada.

Canada's 1987 imports, however, were well below 1983 levels of 8,573 tons, valued at $6.4 million. American exports reached a low point in 1985, when 4,416 tons, or $2.8 million worth of American pineapple products entered the Canadian market.

West Germany, the Netherlands, and Japan also imported American pineapple products in 1987, although in smaller amounts than Canada. They imported 527, 526 and 294 tons, respectively, with market values of $450,000, $370,000 and $310,000, respectively.

Hawaii's main competition as a pineapple producer comes from the CBI countries for fresh pineapple and the South-east Asian and Pacific nations for processed pineapple. Some countries in Europe, Africa, and the Middle East also export canned pineapple products to the U.S., but in insignificant numbers. As mentioned previously, Thailand and the Philippines are expected to increase their output of processed pineapple for 1988. Malaysia is also expected to increase its overall production of processed pineapple by 11 percent over 1987, to an estimated 49,500 tons.

Pineapple exporting counties also maintain inventories of unsold pineapples. These inventories can have a strong influence on market conditions, particularly during periods of shortage. Thailand had large inventories of 32,251 tons in 1987, and is expected to have 35,551 tons of inventory in 1988.

Inspite of the strong competition from foreign sources, Hawaii is still able to survive in the market. The industry has seen its share of the market erode over the years. Nevertheless, Hawaii exceeded the competition in terms of increases in market value for fresh fruits and processed products in 1987.

For example, although pineapple prices are not supported for U.S. growers, total revenues from fresh and processed fruit increased by 4 percent to $252 million in 1987. While the average price of fresh pineapple fell by 11 percent in 1987 to $362 per ton compared with $405 per ton in 1986, the value of processed pineapple products increased by 8 percent to $203 million in 1987. The processed market, which is larger than fresh market, helped lift the pineapple industry to a new record high in 1987.

employment and jobs in hawaii

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
EMPLOYMENT					
STATE					
Civilian Labor Force	thous.	May	522.2p	−1.6	1.2
Employment	thous.	May	506.7p	−1.6	2.3
Unemployment	thous.	May	15.5p	1.3	−25.5
Unemployment Rate	percent	May	3.0p	3.4	−25.0
OAHU					
Civilian Labor Force	thous.	May	389.8p	−1.7	1.4
Employment	thous.	May	379.5p	−1.8	2.3
Unemployment	thous.	May	10.4p	3.0	−23.5
Unemployment Rate	percent	May	2.7p	8.0	−22.9
MAUI COUNTY					
Civilian Labor Force	thous.	May	51.3p	−0.8	−1.3
Employment	thous.	May	49.7p	−0.8	0.6
Unemployment	thous.	May	1.6p	0.0	−40.7
Unemployment Rate	percent	May	3.2p	6.7	−37.3
HAWAII					
Civilian Labor Force	thous.	May	54.6p	−1.6	−0.4
Employment	thous.	May	52p	−1.5	1.4
Unemployment	thous.	May	2.6p	−3.7	−27.8
Unemployment Rate	percent	May	4.7p	−4.1	−27.7
KAUAI					
Civilian Labor Force	thous.	May	26.5p	−1.1	7.3
Employment	thous.	May	25.5p	−1.5	7.6
Unemployment	thous.	May	1p	0.0	−9.1
Unemployment Rate	percent	May	3.7p	5.7	−11.9
JOB COUNT BY INDUSTRY					
TOTAL JOBS—STATE	thous.	May	519.1p	−0.4	2.1
Oahu	thous.	May	403	−0.5	2.1
Maui County	thous.	May	45.2	0.2	7.1
Hawaii	thous.	May	46.8	74.0	1.3
Kauai	thous.	May	24.2	−0.4	7.6
SUGAR (Mill and Field)	thous.	May	6.6p	−1.5	−7.0
PINEAPPLE (Cannery and Field)	thous.	May	3.9p	−2.5	−2.5
DIVERSIFIED MANUFACTURING					
(Excluding Sugar and Pineapple)	thous.	May	16.7p	−1.5	−0.3
Durable Goods	thous.	May	4.1p	0.0	5.1
Non Durable Goods	thous.	May	12.7p	−1.6	−1.6
Apparel and Textiles	thous.	May	3.0p	0.0	−9.1
DIVERSIFIED AGRICULTURE					
(Excluding Sugar And Pineapple, Including Agricultural Self-Employed)	thous.	May	8.2p	10.8	−2.4
CONTRACT CONSTRUCTION	thous.	May	20.5p	1.0	−3.3
TRANSPORTATION	thous.	May	26.7p	0.0	−0.4
COMMUNICATION	thous.	May	7.4p	0.0	1.4
UTILITIES	thous.	May	2.7p	0.0	0.0
RETAIL TRADE	thous.	May	104.4p	0.3	2.0
WHOLESALE TRADE	thous.	May	20.6p	0.5	1.0
FINANCE, INSURANCE AND REAL ESTATE	thous.	May	34.5p	−0.3	2.1
HOTEL SERVICES—STATE	thous.	May	32.5p	−0.6	7.6
Oahu	thous.	May	17.1p	−0.6	2.4
Maui County	thous.	May	7.2p	0.0	9.1
Hawaii	thous.	May	4.0p	−2.4	−2.4
Kauai	thous.	May	4.3p	0.0	53.6
OTHER SERVICES	thous.	May	97.0p	0.1	2.3
FEDERAL GOVERNMENT	thous.	May	32.6p	0.0	1.6
Civilian Agencies	thous.	May	12.6p	0.0	4.1
Defense Department	thous.	May	19.9p	−0.5	−0.5
STATE GOVERNMENT	thous.	May	54.3p	0.6	3.6
COUNTY GOVERNMENT	thous.	May	13.5p	0.0	3.8
NON-AGRICULTURE SELF-EMPLOYED	thous.	May	37.3p	−8.1	5.4

p = preliminary.
Count of recipients is duplicated. A person may be counted in each category.

public assistance in hawaii

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
PUBLIC ASSISTANCE					
UNEMPLOYMENT INSURANCE					
Insured Unemployment(Wkly. Avg)	number	May	7,132	11.8	2.7
Intrastate Initial Claims	number	Jan.-May	23,596	.....	3.1
Interstate Initial Claims	number	Jan.-May	1,368	.....	−0.9
Unemployment Insur. Benefits	thous. $	Jan.-May	22,198	.....	12.9
INCOME MAINTENANCE					
Recipients[1]	no./persons	May	48,609	0.4	−4.1
Payments	thous. $	Jan.-May	41,409	.....	14.6
MEDICAL ASSISTANCE					
Recipients[1]	no./patients	May	42,547	0.0	−12.9
Payments	thous. $	Jan.-May	68,400	.....	−0.5
FOOD STAMPS					
Recipients[1]	no./persons	April	79,672	−0.1	−7.3
Payments	thous. $	Jan.-Apr.	25,691	.....	−10.3
SERVICES					
Recipients[1]	no./cases	1st Qtr.	7,414	0.1	−1.0
Payments	thous. $	1st Qtr.	5,181	.....	6.3

[1]Count of recipients is duplicated. A person may be counted in each category.

banking and finance in hawaii

FINANCE					
COMMERCIAL BANK DEPOSITS					
STATE					
Total Deposits	mil. $	April	9,562.8	0.3	8.8
Debits To Demand Deposits	mil. $	May	11,430.1	.....	12.9
OAHU					
Total Deposits	mil. $	April	7,980.6	0.3	8.7
Debits To Demand Deposits	mil. $	May	10,344.6	.....	12.5
MAUI COUNTY					
Total Deposits	mil. $	April	636.1	−0.9	11.1
Debits To Demand Deposits	mil. $	May	499.8	.....	24.8
HAWAII					
Total Deposits	mil. $	April	635.9	0.5	6.6
Debits To Demand Deposits	mil. $	May	387.8	.....	9.6
KAUAI					
Total Deposits	mil. $	April	310.3	0.9	12.6
Debits To Demand Deposits	mil. $	May	197.9	.....	16.3
BANK LOANS OUTSTANDING—STATE	mil. $	1st Qtr.	5,800.7	1.3	10.9
Real Estate	mil. $	1st Qtr.	2,570.1	3.0	17.3
Consumer	mil. $	1st Qtr.	1,078.7	0.9	4.0
Commercial & Industrial	mil. $	1st Qtr.	1,775.1	3.6	13.8
Other	mil. $	1st Qtr.	289.0	−5.2	−2.7
CONVENTIONAL HOME MORTGAGE RATES: HONOLULU	percent	May	9.3p	−4.1	0.0
SAVINGS & LOAN ASSOCIATIONS[1]					
Total Deposits	mil. $	March	4,040.0	3.3	14.8
Total Loans	mil. $	March	122.7	30.4	1.4
Mortgage Loans	mil. $	March	112.2	31.7	2.3
TAX COLLECTIONS[2]					
STATE	thous. $	May	192,608	1.5	−1.0
Oahu	thous. $	May	165,265	−1.6	−1.5
Maui County	thous. $	May	8,694	−0.9	−32.8
Hawaii	thous. $	May	13,524	63.7	24.3
Kauai	thous. $	May	5,124	8.3	77.1

[1]Includes Hawaii and Guam. Reporting categories changed in July, 1985.
[2]Taxes collected by the State Department of Taxation. Excludes property taxes which were formerly collected by the State but now collected by the Counties.
p = preliminary.

ECONOMIC INDICATORS

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by the Research Department, First Hawaiian Bank
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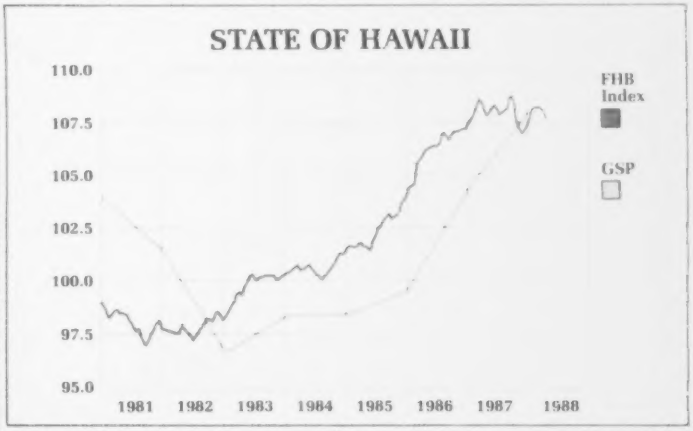

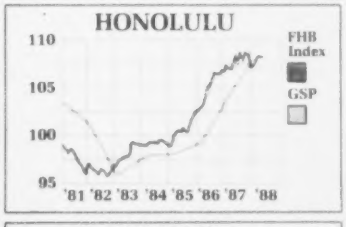

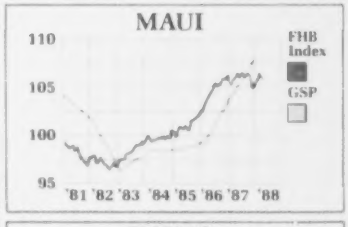

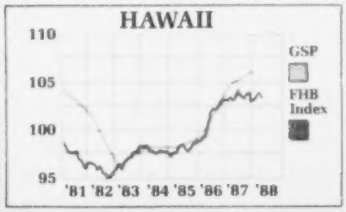

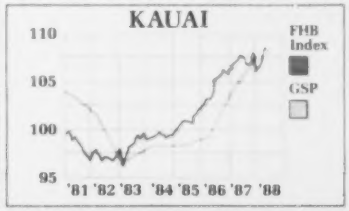

FIRST HAWAIIAN BANK INDEX OF LEADING ECONOMIC INDICATORS

The First Hawaiian Bank Index of Leading Economic Indicators declined by 0.2 percent in May, the first decline for 1988. Of the five base-index components, only the Federal money supply increased, while average workweek hours, the prime rate, Hawaiian stocks, and the consumer price index declined. The Maui, Hawaii, and Kauai County indexes showed moderate declines, while the Honolulu index increased after a downturn in April. The Honolulu index realized substantial gains in credit demand, visitor counts, and public contracts awarded, but posted declines in average workweek hours, building permits and employment. The Maui index realized gains in credit demand and visitor counts, but experienced declines in employment, building permits, and public contracts awarded. The Big Isle showed increases in employment, building permits, and credit demand, but decreases in visitor counts and public contracts awarded. Kauai experienced gains only in building permits and public contracts awarded from the previous month.

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ECONOMIC INDICATORS

Research Department, First Hawaiian Bank

September/October 1988

200 Years of Chinese Immigration to Hawaii

Nineteen hundred and eighty nine will mark the bicentennial of the arrival of the first Chinese immigrants in Hawaii. In 1789, when the American trading ship Eleanora, on its way from China to North America, stopped in Honolulu for the winter, 45 members of the crew of 55 were Chinese. John Young, British boatswain on the ship, was detained by King Kamehameha, and later became his advisor. A number of Chinese stayed behind and settled here.

In recognition of the contributions of the Chinese to Hawaii, Governor John Waihee has appointed a commission to plan a year-long celebration that will share Chinese cultural life, history and heritage, and foster projects to expand Hawaii's role in Asia and the Pacific. The commission will also honor other ethnic groups for their contributions to local Chinese culture, and the integration of the Chinese into Hawaiian society. This successful integration stands as a role model for newly arriving immigrant groups, and points to the economic importance these groups represent.

In their 200 years in Hawaii, the Chinese have contributed much. Hawaii's Chinese population stood at 48,800 persons in 1986 (not counting those of mixed blood), and constituted five percent of the state population. Their accomplishments range far beyond their numbers. The 1980 census showed that 75 percent of Chinese students graduated from high school, with half going beyond high school. Chinese median family income is $28,433, second only to the Japanese. Also, 65 percent of the over 28,000 Chinese in Hawaii's labor force worked in managerial, professional, technical, sales, and administrative-support occupations. Furthermore, of the top 250 businesses in the state, 28 companies, or 11 percent, were headed by Chinese chief executives. These companies were responsible for over $1 billion in sales and 8,900 jobs.

From the beginning, the Chinese looked upon trade as the road to economic opportunity. Many started as peddlers and worked their way up to become successful entrepreneurs. They started growing sugar on Lanai, Maui, and Hawaii as early as 1802.

Over time, the sugar industry prospered as a result of the growing American market for sugar, and eventually emerged as a major sector of the Hawaiian economy. This opened up a large market for agricultural labor. Based on reports that other sugar-growing areas of the world found Chinese laborers to be well-suited for the tasks, arrangements for their immigration were initiated.

The first group of contract laborers, consisting of 175 men, arrived from Hong Kong on the 460-ton bark, Thetis, on January 3, 1852. The importation of Chinese labor was further stimulated by the Civil War, which caused the loss of sugar supplies to the northern states due to the war with the sugar-producing states of the south. In 1865, 615 workers arrived, among them 52 women. This gave the Chinese a start toward building a community in Hawaii. When the United States passed the Chinese Exclusion Act in 1882, Chinese who had migrated to the West Coast, and those planning to, came to Hawaii instead. Other Chinese immigrants of business and professional standing brought their families, and built the Chinese community in Hawaii. By the end of the century, roughly 56,000 Chinese had come to Hawaii.

As a people, the Chinese tended toward trade, and found the opportunities especially rewarding in Hawaii. While others had preempted big business and politics, the Chinese fit Hawaii's small business needs perfectly, as there were no other groups to fill this market place.

Many began as peddlers, supplying the needs of families with no access to stores nearby. The peddlers also formed a means of communication among Chinese, who in those days, had little contact with others.

Very little capital was required for one to start as a peddler. As the trader accumulated capital, he obtained a cart to carry a wider variety of produce or goods. From there, he advanced to a small store to serve his ethnic group. The final step was the most difficult, and not all made it. This was establishing a commercial presence in the wider cosmopolitan community.

In China, scholars were given the highest respect and honor. So it was not unusual that many Chinese looked to education as the road to success. Families worked hard to send their children to mainland colleges, and many came back to take their place in the growing island community. In the past half century, the descendants of the early Chinese immigrants have moved into leadership positions in education, business, medicine, dentistry, the legal profession, government, and finance, many at the top levels of island society.

Next year as we celebrate the 200th anniversary of the arrival of the first Chinese to Hawaii, it will be in the knowledge that their early sacrifices and subsequent hard work and effort have created the many successes that we can all be proud of.

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SEPTEMBER/OCTOBER FEATURE STORY: THE REJUVENATION OF HONOLULU'S CHINATOWN

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CURRENT BUSINESS TRENDS

Hawaii's economy continued to grow. Business activity for the state, as measured by gross business receipts, stood at $16.1 billion, up by 14 percent as of this past June. Oahu and Maui County led the growth in business activity with increases of 15 percent and 14 percent, respectively, over last year. Hawaii and Kauai Counties, on the other hand, experienced more moderate growth of eight percent and two percent, respectively, as of June of 1988.

Job seekers continued to fare well. Unemployment for Hawaii remained low at three percent for July. This compares favorably with Hawaii's four-percent unemployment rate last year. Oahu experienced the lowest level of unemployment at three percent. Hawaii County had the highest rate of six percent unemployed. Maui and Kauai Counties experienced unemployment rates of three percent and four percent, respectively. The drop in the unemployment rate resulted from a four-percent increase in the number of persons employed to 508,000 persons, compared to a three-percent increase in the total civilian labor force to 525,000 persons. As a result, the number of persons unemployed dropped to three percent or 16,800 persons.

Hawaii had healthy job count gains in July. 521,000 jobs existed in the state, reflecting a gain of one percent over last year. The increase came from Oahu and Kauai, which experienced increases of two percent and eight percent, respectively, for a total of 429,000 jobs. Hawaii, on the other hand, experienced a two-percent decline to 47,000 jobs, while Maui's job count dropped to 46,000 jobs.

Unemployment insurance claims also reflected the strength of Hawaii's economy. For the period through July, intrastate initial claims, claims filed

u. s. economic indicators

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
GROSS NATIONAL PRODUCT**					
In Current Dollars	bil. $	2nd Qtr.	4,820 r	2.0	7.5
In 1982 Dollars	bil. $	2nd Qtr.	3,988 r	0.8	4.3
PERSONAL INCOME**	bil. $	July	4,071p	0.6	7.7
INTEREST RATES					
AVERAGE PRIME RATE	percent	August	9.84	5.9	19.3
CONSTRUCTION					
CONSTRUCTION PUT IN PLACE**	bil. $	June	402.8p	0.1	2.6
CONSTRUCTION COST INDEXES:					
Residence	1982 = 100	May	122.3	0.4[1]	2.4
Apts., Hotels, Office Bldgs.	1982 = 100	May	120.0	0.3[1]	2.5
EMPLOYMENT					
CIVILIAN EMPLOYMENT*	thous.	July	115,059	0.0	2.1
UNEMPLOYMENT	thous.	July	6,625	2.6	−8.6
UNEMPLOYMENT RATE*	percent	July	5.4	3.8	−10.0
PRICES					
CONSUMER PRICE INDEXES:					
Wage Earners and Clerical Workers	1982 = 100	July	117.2	0.4	4.0
All Urban Consumers	1982 = 100	July	118.5	0.4	4.1
PRODUCER PRICE INDEXES:					
Finished Goods*	1982-84 = 100	July	108.3p	0.5	2.5
All Commodities	1982-84 = 100	June	107.4p	0.8	4.3

r = revised. *p = preliminary.* *[1]Compared to March 1988.* **Seasonally adjusted.* ***Seasonally adjusted at annual rates.*

business activity in hawaii

BUSINESS SALES					
GROSS BUSINESS RECEIPTS:					
STATE	mil. $	Jan.-June	16,120.6	.....	13.8
Oahu	mil. $	Jan.-June	13,578.5	.....	14.8
Maui County	mil. $	Jan.-June	1,090.4	.....	13.7
Hawaii	mil. $	Jan.-June	1,063.9	.....	7.7
Kauai	mil. $	Jan.-June	387.9	.....	1.9
DIVERSIFIED MANUFACTURING	mil. $	Jan.-June	316.8	.....	4.1
DIVERSIFIED AGRICULTURE	mil. $	Jan.-June	161.5	.....	15.2
RETAILING	mil. $	Jan.-June	5,577.7	.....	14.5
WHOLESALING	mil. $	Jan.-June	4,138.1	.....	14.3
SERVICES	mil. $	Jan.-June	3,831.6	.....	13.1
OAHU NEW CAR SALES	number	Jan.-June	21,416p	.....	10.2
HONOLULU PRICES					
HONOLULU CONSUMER PRICE INDEX:					
Wage Earners and Clerical Workers	1982-84 = 100	1st half 88	121.1	3.0[1]	5.9
All Urban Consumers	1982-84 = 100	1st half 88	120.1	3.1[1]	6.0
TOURISM					
VISITOR EXPENDITURES	mil. $	1987	6,600	.....	15.3
OVERNIGHT OR LONGER VISITORS	number	July	567,810p	4.4	6.0
	number	Jan.-July	3,537,870p	.....	5.5
Westbound	number	July	376,730p	2.0	−1.3
	number	Jan.-July	2,453,010p	.....	−0.5
Eastbound	number	July	191,080p	9.5	24.2
	number	Jan.-July	1,084,860p	.....	22.1
AVERAGE DAILY VISITOR CENSUS	number	Jan.-July	115,820p	.....	−2.5
AVERAGE LENGTH OF STAY	no. of days	Jan.-July	10.1p	.....	−1.0
MEETING ATTENDANCE	number	July	13,975	.....	−4.1
ORGANIZED GROUP TOURS	number	Jan.-July	328,970p	.....	−27.0
VISITOR COUNT BY COUNTY:					
Oahu	number	July	278,970p	1.9	−5.7
	number	Jan.-July	1,722,600p	.....	−4.9
Maui County	number	July	165,570p	2.7	−2.8
	number	Jan.-July	1,102,560p	.....	−1.5
Hawaii	number	July	63,210p	0.6	−1.3
	number	Jan.-July	440,490p	.....	−6.9
Kauai	number	July	91,020p	6.1	−4.3
	number	Jan.-July	600,900p	.....	−0.7

p = preliminary. *[1]Compared to 2nd. half 1987.* *[2]Estimated Westbound*

business activity in hawaii [cont.]

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
VISITOR ACCOMMODATIONS:					
STATE	number	Feb., 1988	69,012	.....	5.7
Oahu	number	Feb., 1988	37,841	.....	−2.5
Waikiki	number	Feb., 1988	33,661	.....	−1.0
Maui (Island)	number	Feb., 1988	14,591	.....	10.0
Molokai	number	Feb., 1988	567	.....	−1.4
Lanai	number	Feb., 1988	10	.....	0.0
Hawaii	number	Feb., 1988	8,823	.....	20.4
Kauai	number	Feb., 1988	7,180	.....	20.6
HOTEL OCCUPANCY:					
STATE	percent	July	81.2p	4.5	−2.1
		Jan.-July	78.7p	.....	−4.0
Oahu	percent	July	90.2p	3.8	−0.4
		Jan.-July	85.6p	.....	−2.1
Maui (Island)	percent	July	72.2p	2.4	−2.2
		Jan.-July	74.4p	.....	−4.1
Hawaii	percent	July	55.0p	13.9	−1.3
		Jan.-July	56.0p	.....	−10.1
Kauai	percent	July	66.9p	6.5	−14.6
		Jan.-July	67.5p	.....	−10.7
DEFENSE EXPENDITURES					
APPROPRIATED FUNDS TOTAL	mil. $	1st Qtr.	490.8[3]	.....	4.8
Military Payroll	mil. $	1st Qtr.	221.2	.....	3.7
Civilian Payroll	mil. $	1st Qtr.	162.7	.....	14.7
Local Purchases	mil. $	1st Qtr.	106.9[3]	.....	−5.5
SUGAR					
VALUE OF CROP SALES (Unprocessed Cane)	mil. $	1986	233.8	.....	5.1
SUGAR PRODUCTION	thous. tons	Jan.-July	545.6	.....	4.1
AVERAGE N. Y. RAW SUGAR PRICE	$/ton	Jan.-July	446.6	.....	2.2
PINEAPPLE					
VALUE OF CROP SALES (Fresh Equivalent)	thous. $	1987	99.3	.....	−0.4
SHIPMENTS: FRESH	thous. lbs.	Jan.-July	160,170	.....	1.5
DIVERSIFIED AGRICULTURE					
CROPS	thous. $	1986	147,734	.....	11.8
FLOWERS & NURSERY PRODUCTS	thous. $	1986	49,094	.....	11.0
Anthurium Outshipments[4]	th. dozens	Jan.-June	637.1	.....	−10.8
Potted Foliage Plants	thous. $	1986	12,931	.....	7.6
FRUITS & NUTS	thous. $	1986	51,806	.....	19.8
Papaya Sales	th. lbs.	Jan.-July	29,035	.....	1.0
Average Farm Price	cents/lb.	July	20.0	−4.8	7.5
Macadamia Nut Sales (in shell)	th. lbs.	1987	46,500	.....	5.7
Average Farm Price	cents/lb.	1987	78.1	.....	−2.4
VEGETABLES AND MELONS[5]	th. lbs.	Jan.-July	43,370p	.....	4.2
LIVESTOCK	thous. $	1986	83,429	.....	0.7
BEEF PRODUCTION (Dressed Wt.)	th. lbs.	Jan.-June	15,693	.....	−6.1
Average Farm Price (Feedlot Beef)	cents/lb.	June	91.0	−3.2	1.7
HOG PRODUCTION (Dressed Wt.)	th. lbs.	Jan.-July	3,597	.....	−3.6
Average Farm Price	cents/lb.	July	105.0p	0.5	3.4
MILK PRODUCTION	mil. lbs.	Jan.-June	81.8	.....	−0.1
Average Price Sold to Plants	$/100 lbs.	June	19.67	−2.2	2.8
EGG PRODUCTION	mil.	Jan.-July	130.8	.....	−0.5
Average Farm Price	cents/doz.	July	79.5	−1.2	0.0
PUBLIC UTILITIES					
ELECTRICITY GENERATED	mil. kwh.	Jan.-July	4,663.1	.....	7.5
GAS SALES	th. therms	Jan.-July	29,749	.....	−0.1
TELEPHONE LINES IN SERVICE	thous.	Jan.-July	511.2	.....	5.0

p = preliminary.
[3]Excludes Naval contract purchases from vendors in the State of Hawaii.
[4]From Hawaii County.
[5]Includes snap beans, cabbage, celery, sweet corn, cucumbers, onions, green peppers, tomatoes, and watermelons.

against Hawaii's unemployment insurance fund, declined by two percent to 32,059 claims. Interstate initial claims, claims filed against other state's unemployment insurance funds, declined by eight percent to 1,810 claims. Benefits, however, rose by seven percent to $31 million.

Total personal income for the first quarter grew by seven percent over last year, to $17.4 billion. The transportation, communication, and utility industries experienced the largest gain of over 11 percent. Services followed closely with an increase of slightly under 11 percent.

As a consequence of the active economy, inflation remains high. The Honolulu Consumer Price Index (all urban consumers) registered a six-percent increase over last year for the first half of 1988. This represents a much higher level of inflation compared to the U.S. inflation rate of four percent for the cumulative period through June 1988.

Hawaii experienced gains in visitor counts through July. Overall visitor counts increased by six percent over last year to 3.5 million visitors to the islands. This gain came from eastbound travelers, which increased by 22 percent to 1.1 million visitors. The westbound visitor count decreased by half a percent to 2.5 million visitors.

The decline in westbound travelers affected all counties. For the period through July, Hawaii County experienced a seven-percent decline in westbound visitors. Oahu followed with a five-percent decline. Maui and Kauai Counties had declines of two percent and one percent, respectively.

In spite of the overall increase in visitors, hotel occupancy rates in Hawaii decreased through July. The overall occupancy rate for the state decreased by four percent to 79 percent. Kauai experienced the largest decline of 11 percent to 68 percent. Oahu suffered the smallest decline of two percent to 86 percent. Maui and Hawaii experienced declines of four percent and 10 percent, respectively.

Real estate resales continued to maintain strength through July, once again reflecting the low inventory in Hawaii's real estate market. Single-family and condominium sales for the state increased by two percent and 24 percent, respectively, over the same period last year. The average price for a single-family home in Hawaii increased by 13 percent to $266,191, while the average condominium price rose by 11 percent to $140,589. Oahu had the highest average single-family home price of $317,010, reflecting a 16-

percent increase over last year. Maui County had the highest average condominium price of $179,450, reflecting a 26-percent increase from 1987.

The construction industry remains strong. Construction-put-in-place for the first six months of 1988 rose by 22 percent to $1.2 billion for the state. The Big Island experienced the largest percentage increase of 39 percent over last year. Maui County had the second largest gain of 34 percent. Oahu and Kauai trailed with increases of 20 percent and 14 percent, respectively.

Public-sector construction continues to show growth. Total public contracts awarded through August increased by 46 percent to $368 million. Honolulu, Maui, and Hawaii Counties showed increases of 23 percent, 343 percent, and 60 percent, respectively, for a total of $351 million. On the other hand, Kauai showed a decline of seven percent to $17 million. State government construction increased by 125 percent to $257 million. However, county and federal government construction declined by 32 and two percent, respectively, to a total of $111 million.

Private permits authorized showed mixed results through July. Oahu's residential permits increased by three percent, while nonresidential permits remained virtually unchanged from last year. The Big Island's residential and nonresidential permits both increased by 46 percent and 17 percent, respectively. Kauai's residential permits gained by 44 percent, but nonresidential permits declined by 33 percent.

Agriculture showed healthy gains through July. Sugar production increased by four percent to 546 thousand tons. The average New York raw sugar price rose by two percent to $446.6 per ton. The pineapple industry also showed gains with fresh pineapple shipments increasing by two percent to 160 million pounds.

Diversified agriculture showed mixed results. Papaya sales increased by one percent to 29 million pounds for the cumulative period through July. Vegetables and melons rose by four percent to 43 million pounds. However, anthurium outshipments decreased by 11 percent to 637 thousand dozens for the period through June.

The state's total bank deposits for July increased by seven percent over last year to $9.4 billion. Maui County led with a 15-percent increase to $636 million. Kauai County's bank deposits increased by 11 percent to $312 million. Honolulu and Hawaii County both experienced 6-percent increases to $7.8 billion and $637 million, respectively.

business activity in hawaii [cont.]

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
CONSTRUCTION PUT IN PLACE					
STATE	thous. $	Jan.-June	1,179,392	.....	22.1
Oahu	thous. $	Jan.-June	1,001,282	.....	20.4
Maui County	thous. $	Jan.-June	68,286	.....	33.5
Hawaii	thous. $	Jan.-June	83,519	.....	38.8
Kauai	thous. $	Jan.-June	26,305	.....	14.2
HONOLULU CONSTRUCTION COST IN					
SINGLE FAMILY	1982 = 100	August	133.1	1.1	3.9
HIGH-RISE	1982 = 100	August	125.6	0.2	2.4
PRIVATE PERMITS AUTHORIZED					
STATE RESIDENTIAL	thous. $	June	411,296	.....	16.8
Single Family Units	number	June	2,840	.....	−13.6
Multiple Family Units	number	June	1,253	.....	51.7
NONRESIDENTIAL	thous. $	June	265,993	.....	18.5
OAHU RESIDENTIAL	thous. $	Jan.-July	252,287	.....	3.2
Single Family Units	number	Jan.-July	1,185	.....	−30.5
Multiple Family Units	number	Jan.-July	775	.....	166.3
NONRESIDENTIAL	thous. $	Jan.-July	183,060	.....	0.2
MAUI CO. RESIDENTIAL	thous. $	Jan.-June	87,179	.....	44.8
Single Family Units	number	Jan.-June	746	.....	21.3
Multiple Family Units	number	Jan.-June	286	.....	−37.0
NONRESIDENTIAL	thous. $	Jan.-June	73,671	.....	247.0
HAWAII RESIDENTIAL	thous. $	Jan.-July	77,462	.....	46.2
Single Family Units	number	Jan.-July	1,030	.....	33.2
Multiple Family Units	number	Jan.-July	260	.....	168.0
NONRESIDENTIAL	thous. $	Jan.-July	23,855	.....	16.9
KAUAI RESIDENTIAL	thous. $	Jan.-July	52,686	.....	44.0
Single Family Units	number	Jan.-July	433	.....	24.1
Multiple Family Units	number	Jan.-July	17	.....	466.7
NONRESIDENTIAL	thous. $	Jan.-July	20,126	.....	−32.6
PUBLIC CONTRACTS AWARDED					
STATE	thous. $	Jan.-Aug.	367,704	.....	46.3
Oahu	thous. $	Jan.-Aug.	235,378	.....	22.7
Maui County	thous. $	Jan.-Aug.	77,130	.....	342.9
Hawaii	thous. $	Jan.-Aug.	38,292	.....	60.4
Kauai	thous. $	Jan.-Aug.	16,903	.....	−6.8
BY LEVEL OF GOVERNMENT					
Federal	thous. $	Jan.-Aug.	56,281	.....	−2.1
State	thous. $	Jan.-Aug.	256,857	.....	125.4
County	thous. $	Jan.-Aug.	54,565	.....	−31.7
REAL ESTATE RESALES					
STATE Single Family	number	Jan.-July	2,341	.....	1.8
Average Price	dollars	Jan.-July	266,191	.....	13.4
Condominium	number	Jan.-July	4,111	.....	24.3
Average Price	dollars	Jan.-July	140,589	.....	11.0
OAHU Single Family	number	Jan.-July	1,490	.....	−5.6
Average Price	dollars	Jan.-July	317,010	.....	15.8
Condominium	number	Jan.-July	3,223	.....	26.2
Average Price	dollars	Jan.-July	134,436	.....	8.8
MAUI CO. Single Family	number	Jan.-July	310	.....	9.5
Average Price	dollars	Jan.-July	235,401	.....	22.7
Condominium	number	Jan.-July	613	.....	18.1
Average Price	dollars	Jan.-July	179,450	.....	25.6
HAWAII Single Family	number	Jan.-July	425	.....	24.6
Average Price	dollars	Jan.-July	128,022	.....	12.1
Condominium	number	Jan.-July	129	.....	16.2
Average Price	dollars	Jan.-July	127,615	.....	−8.0
KAUAI Single Family	number	Jan.-July	106	.....	5.0
Average Price	dollars	Jan.-July	220,994	.....	58.1
Condominium	number	Jan.-July	146	.....	28.1
Average Price	dollars	Jan.-July	124,731	.....	1.4

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population in hawaii

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
POPULATION					
STATE:					
Total De Facto Population	thous.	July 1, 1987	1,201.0p	.....	1.7
Total Resident Population	thous.	July 1, 1987	1,082.5p	.....	1.7
OAHU:					
Total De Facto Population	thous.	July 1, 1987	893.1p	.....	1.4
Total Resident Population	thous.	July 1, 1987	830.6p	.....	1.3
MAUI COUNTY:					
Total De Facto Population	thous.	July 1, 1987	122.4p	.....	2.3
Total Resident Population	thous.	July 1, 1987	89.9p	.....	3.2
HAWAII:					
Total De Facto Population	thous.	July 1, 1987	123.1p	.....	3.0
Total Resident Population	thous.	July 1, 1987	114.4p	.....	2.9
KAUAI:					
Total De Facto Population	thous.	July 1, 1987	62.5p	.....	3.6
Total Resident Population	thous.	July 1, 1987	47.6p	.....	3.0
CIVILIAN RESIDENT POPULATION:					
STATE	thous.	July 1, 1937	1,024.4p	.....	1.8
MILITARY PERSONNEL:					
STATE	number	July 1, 1987	60,277	.....	2.9
Ashore	number	July 1, 1987	56,322	.....	5.0
Afloat	number	July 1, 1987	3,955	.....	−20.4
CIVILIAN MILITARY DEPENDENTS	number	July 1, 1987	64,850	.....	−2.1
FOREIGN IMMIGRATION*	number	Jan.-Aug.	2,879	.....	−25.6

p = preliminary.
*Includes only those entering Honolulu ports and does not include status changes.

income in hawaii

INCOME					
TOTAL PERSONAL INCOME**	mil. $	1st Qtr.	17,373p	0.6	7.3
EMPLOYMENT INCOME*	mil. $	1st Qtr.	13,216p	0.4	7.3
Manufacturing	mil. $	1st Qtr.	608p	2.7	7.4
Construction & Mining	mil. $	1st Qtr.	948p	−1.9	6.4
Wholesale	mil. $	1st Qtr.	514p	1.2	5.8
Retail	mil. $	1st Qtr.	1,535p	0.7	6.3
Finance, Ins., & Real Estate	mil. $	1st Qtr.	967p	1.5	6.7
Trans., Comm., & Util.	mil. $	1st Qtr.	1,151p	0.0	11.4
Services	mil. $	1st Qtr.	3,383p	−1.3	10.8
Farm & Other	mil. $	1st Qtr.	284p	−1.4	2.5
Federal Civilian	mil. $	1st Qtr.	1,016p	1.8	5.0
Federal Military	mil. $	1st Qtr.	1,373p	1.4	2.6
State & Local	mil. $	1st Qtr.	1,434p	2.5	6.1
PROPERTY INCOME (Dividends, Interest, & Rent)	mil. $	1st Qtr.	2,600p	1.0	8.4
TRANSFER PAYMENTS (1,906) minus Personal Contributions for Social Insurance (732)	mil. $	1st Qtr.	1,557p	1.9	5.6
PER CAPITA PERSONAL INCOME:					
STATE	dollars	1987	15,366p	.....	4.8
Oahu	dollars	1986	15,380p	.....	5.8
Maui County	dollars	1986	13,254p	.....	6.5
Hawaii	dollars	1986	11,533p	.....	6.4
Kauai	dollars	1986	12,107p	.....	7.1

**Total personal income and all components are seasonally adjusted at annual rates.
*Includes wage and salary disbursements, proprietors' income, and other labor income.
p = preliminary.

AWAIIAN BANK

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THE REJUVENATION OF HONOLULU'S CHINATOWN

As Hawaii celebrates the bicentennial of Chinese immigration to the islands, attention will be increasingly focussed on efforts to revitalize and improve the business and residential environment of Chinatown. While many residents remember Chinatown as a slum, it once stood at the center of Hawaii's business activity, and has shown remarkable residential and commercial growth in the past 10 to 15 years.

Chinatown lies adjacent to Honolulu's Central Business District (CBD), and started as a two-block area bordered by Beretania Street, Hotel Street, Maunakea Street and Nuuanu Avenue. Today, Chinatown consists of 15 blocks bordered by Beretania Street, River Street, Nuuanu Avenue, and the Honolulu Harbor. In spite of the fact that the area covers a mere 36 acres, no other part of Hawaii has experienced a more dynamic history. It survived two fires, a plague, waves of immigrants, decline, and rejuvenation, and yet maintains its ethnic Chinese character. Recognized as the only area in Honolulu with a distinct ethnic and cultural flavor, Chinatown earned the designation as a Federal Historic District in 1973.

Chinatown serves an economic and sociological function today as it did in the past. Originally the home of Hawaii's large immigrant Chinese population, it provided a place where Chinese immigrants could share a sense of community and mutual support in their new country. Although the Chinese population living there has declined over the years, Chinatown remains a gateway into Hawaiian society for other immigrant groups: the Portuguese, Japanese, Filipinos, and now, the Southeast Asians.

Retail trade and services have always formed the bulk of commercial activity in Chinatown. Opening a small business, often after being a peddler for many years, gave the Chinese new opportunities to earn a living and to become economically independent. Even today, the predominance of restaurants, retail shops, and noodle factories, proves that small businesses still form the foundation of Chinatown's economy. Also, because of the ethnic homogeneity of the community, shops and restaurants served as important vehicles for social interaction, communication with the home country, and the source of goods and services unique to the Chinese culture.

Chinatown's social and economic significance contradicts its post World

War II image of a slum district of aged and dilapidated buildings alongside Honolulu's modern financial district. However, it was Chinatown's low-rent character that allowed immigrants to live in close proximity to Honolulu's major centers of business and commercial activity. Chinatown's older structures originated from the rebuilding effort after the fire of 1900. In spite of their unique architecture, most of these buildings were neglected, thus contributing to Chinatown's run-down appearance. Finally, while the Honolulu red-light district typifies Chinatown to many people today, the district was opened mainly during the Second World War to cater to the military.

The City and County cites several factors responsible for Chinatown's decline. During the 1950s, urban renewal cleared many areas adjacent to Chinatown, decreasing the number of residents, many of whom patronized Chinatown's merchants. Secondly, the development of the automobile and large regional shopping centers gave shoppers more mobility and lured sales away from downtown Honolulu and Chinatown. For example, in 1948, the Chinatown-CBD area had 24 percent of all retail sales on Oahu. In 1977, the Chinatown-CBD area had 4 percent of retail sales. But, together, Waikiki, Ala Moana Shopping Center, Kahala Mall, and Pearlridge Center had 31 percent of total retail sales on Oahu. Thus, over the years, Chinatown lost its importance as a commercial center. As a result, repair and maintenance of the buildings in the area declined. Also, observing the urban renewal in adjacent areas, property owners in Chinatown expected the same for their own properties and stopped all property improvements. No long-term leases existed either, hence tenants had no incentive to maintain their units. Finally, the proliferation of adult entertainment establishments changed the commercial character of Chinatown.

Various studies since the 1960s have suggested ways of reviving Chinatown. In 1973, the area was designated as a federal historic district, which succeeded in preserving those buildings identified as historic. Nevertheless, Chinatown has continued to evolve with the development of residential structures during the 1980s. In keeping with traditional activities, small businesses such as retail stores and restaurants occupy the ground floor space of older buildings; many of the newer structures lend themselves to mixed uses. Thus, Chinatown remains an area where both residences and

employment and jobs in hawaii

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
EMPLOYMENT					
STATE:					
Civilian Labor Force	thous.	July	518.9p	−0.8	−0.7
Employment	thous.	July	502.9p	−0.8	0.2
Unemployment	thous.	July	16.0p	−1.2	−22.7
Unemployment Rate	percent	July	3.1p	0.0	−22.5
OAHU:					
Civilian Labor Force	thous.	July	386.9p	−0.9	−0.6
Employment	thous.	July	376.7p	−0.9	0.4
Unemployment	thous.	July	10.3p	−2.4	−35.7
Unemployment Rate	percent	July	2.7p	0.0	−25.0
MAUI COUNTY:					
Civilian Labor Force	thous.	July	51.2p	0.4	−2.0
Employment	thous.	July	49.5p	0.4	−1.2
Unemployment	thous.	July	1.7p	3.0	−20.9
Unemployment Rate	percent	July	3.4p	3.0	−17.1
HAWAII:					
Civilian Labor Force	thous.	July	54.3p	−1.4	−3.2
Employment	thous.	July	51.3p	−1.4	−2.2
Unemployment	thous.	July	3.0p	0.0	−17.8
Unemployment Rate	percent	July	5.5p	1.9	−15.4
KAUAI:					
Civilian Labor Force	thous.	July	26.4p	−0.8	6.2
Employment	thous.	July	25.4p	−0.6	6.5
Unemployment	thous.	July	1.0p	−4.8	0.0
Unemployment Rate	percent	July	3.8p	−2.6	−2.6
JOB COUNT BY INDUSTRY					
TOTAL JOBS – STATE	thous.	July	521.3p	−0.2	1.3
Oahu	thous.	July	404.7p	−0.2	1.5
Maui County	thous.	July	45.6p	1.0	−0.3
Hawaii	thous.	July	46.7p	−0.9	−1.5
Kauai	thous.	July	24.4p	0.0	7.5
SUGAR (Mill and Field)	thous.	July	6.8p	0.7	−2.9
PINEAPPLE (Cannery and Field)	thous.	July	4.9p	19.5	−1.0
DIVERSIFIED MANUFACTURING					
(Excluding Sugar and Pineapple)	thous.	July	17.0p	0.0	−0.9
Durable Goods	thous.	July	4.1p	−1.2	0.0
Non-Durable Goods	thous.	July	12.9p	0.4	−1.1
Apparel and Textiles	thous.	July	3.0p	0.0	−6.3
DIVERSIFIED AGRICULTURE (Excluding Sugar And Pineapple but including Agricultural Self-employed)	thous.	July	8.2p	−5.8	−13.3
CONTRACT CONSTRUCTION	thous.	July	21.1p	1.2	−2.5
TRANSPORTATION	thous.	July	26.6p	−0.6	−1.1
COMMUNICATION	thous.	July	7.3p	0.0	0.0
UTILITIES	thous.	July	2.8p	0.0	1.9
RETAIL TRADE	thous.	July	106.1p	1.0	2.2
WHOLESALE TRADE	thous.	July	20.8p	0.5	0.5
FINANCE, INSURANCE AND REAL ESTATE	thous.	July	34.9p	0.7	2.0
HOTEL SERVICES – STATE	thous.	July	32.5p	0.3	8.3
Oahu	thous.	July	17.3p	0.9	3.0
Maui County	thous.	July	7.1p	0.0	9.3
Hawaii	thous.	July	4.0p	1.3	−1.3
Kauai	thous.	July	4.2p	−1.2	52.7
OTHER SERVICES	thous.	July	97.9p	−0.2	1.8
FEDERAL GOVERNMENT	thous.	July	32.8p	0.2	1.9
Civilian Agencies	thous.	July	13.0p	0.8	7.0
Defense Department	thous.	July	19.8p	−0.3	−1.0
STATE GOVERNMENT	thous.	July	48.7p	−6.8	4.2
COUNTY GOVERNMENT	thous.	July	15.3p	12.1	2.7
NON-AGRICULTURE SELF-EMPLOYED	thous.	July	38.0p	−2.1	−3.3

p = preliminary.
[1]Count of recipients is duplicated. A person may be counted in each category.

public assistance in hawaii

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
PUBLIC ASSISTANCE					
UNEMPLOYMENT INSURANCE:					
Insured Unemployment(Wkly Avrg)	number	July	6,747	−5.2	−13.7
Intrastate Initial Claims	number	Jan.-July	32,059	....	−2.3
Interstate Initial Claims	number	Jan.-July	1,810	....	−7.7
Unemployment Insur. Benefits	thous. $	Jan.-July	30,897	....	6.5
INCOME MAINTENANCE:					
Recipients'	no./persons	July	49,732	3.0	3.1
Payments	thous. $	Jan.-July	58,680	....	16.8
MEDICAL ASSISTANCE:					
Recipients'	no./patients	August	42,582	−8.6	4.5
Payments	thous. $	Jan.-Aug.	114,140	....	4.0
FOOD STAMPS:					
Recipients'	no./persons	April	79,672	−0.1	−7.3
Payments	thous. $	Jan.-Apr.	25,691	....	−10.3
SERVICES:					
Recipients'	no./cases	2nd Qtr.	7,654	3.2	−1.0
Payments	thous. $	Yr. to 2nd Qtr.	10,106	....	3.6

'Count of recipients is duplicated. A person may be counted in each category.

banking and finance in hawaii

FINANCE					
COMMERCIAL BANK DEPOSITS:					
STATE:					
Total Deposits	mil. $	July	9,417.1	−0.9	7.0
Debits To Demand Deposits	mil. $	July	9,516.0	....	−0.8
OAHU:					
Total Deposits	mil. $	July	7,831.8	−1.2	6.3
Debits To Demand Deposits	mil. $	July	8,475.6	....	−1.6
MAUI COUNTY:					
Total Deposits	mil. $	July	635.9	0.7	15.1
'Debits To Demand Deposits	mil. $	July	442.6	....	4.7
HAWAII:					
Total Deposits	mil. $	July	637.3	1.1	5.7
Debits To Demand Deposits	mil. $	July	394.6	....	3.9
KAUAI:					
Total Deposits	mil. $	July	312.1	0.7	11.3
Debits To Demand Deposits	mil. $	July	203.1	....	15.0
BANK LOANS OUTSTANDING STATE:	mil. $	1st Qtr.	5,800.7	1.3	10.9
Real Estate	mil. $	1st Qtr.	2,570.1	3.0	17.3
Consumer	mil. $	1st Qtr.	1,078.7	0.9	4.0
Commercial & Industrial	mil. $	1st Qtr.	1,775.1	3.6	13.8
Other	mil. $	1st Qtr.	289.0	−5.2	−2.7
CONVENTIONAL HOME MORTGAGE RATES: HONOLULU	percent	July	8.8	−1.1	−11.1
SAVINGS & LOAN ASSOCIATIONS:					
Total Deposits	mil. $	March	4,040.0	3.3	14.8
Total Loans	mil. $	March	122.7	30.4	1.4
Mortgage Loans	mil. $	March	112.2	31.7	2.3
TAX COLLECTIONS:					
STATE	thous. $	Jan.-July	1,227,608	....	10.9
Oahu	thous. $	Jan.-July	1,056,915	....	10.8
Maui County	thous. $	Jan.-July	75,469	....	11.7
Hawaii	thous. $	Jan.-July	63,902	....	5.8
Kauai	thous. $	Jan.-July	31,322	....	21.5

'Includes Hawaii and Guam. Reporting categories changed in July, 1985.
'Taxes collected by the State Department of Taxation. Excludes property taxes which were formerly collected by the State but

businesses coexist.

Chinatown's economic future will depend on the number of its residents which provide the primary source of demand for Chinatown's merchants. From 1970 to 1980, Chinatown experienced a 39-percent decrease in population as redevelopment evicted old-time residents. As of July 1985, the resident population rebounded to an estimated 1,103 residents. Four recently-built residential structures in Chinatown have increased its resident base, and hence the area's vitality. The River-Pauahi Street apartments (1981), Smith-Beretania Street high-rise (1983), the Pauahi Kupuna Hale retirement complex (1986), and the Hale Pauahi project (1987) added a total of 655 housing units to the area. Likewise, should the 250-unit Maunakea-Smith Street Housing project, 150-unit River-Nimitz Housing project, and a second 200-unit Smith-Beretania Street Towers prove feasible, the resident base would increase further. As another welcome addition, the 200-unit Chinatown Gateway Plaza at the corner of Hotel Street and Bethel Street will increase Chinatown's business activity further since its residents will also contribute to the area's economy.

The revitalization of Chinatown also means more commercial development. The Hale-Pauahi and Smith-Beretania high-rise developments will provide 18,472 square feet of commercial space. The Chinatown Gateway and River-Nimitz project will have 30,000 square feet and 6,500 square feet of commercial space, respectively, when completed. Still being studied are the Maunakea-Smith housing project with 12,583 square feet and the development at the Kekaulike Parking Lot site whose residential-commercial use must still be decided. Construction recently began at the 56,500 square foot Maunakea Marketplace located along Pauahi Street; it will house a mix of retail, market, restaurant, and office uses.

Chinatown has changed over the years. Revitalization efforts by the City and the private sector have succeeded in reversing a trend toward deterioration and decay. With increased business activity and a fresh outlook, particularly with the prospects for developing other activities that will attract tourists, Chinatown has again become an urban commercial center of vitality and health. With its continued development and expansion, Chinatown will remain as a symbol of Hawaii's Chinese legacy and the cultural diversity that has made Hawaii unique among all of America's 50 states.

ECONOMIC INDICATORS

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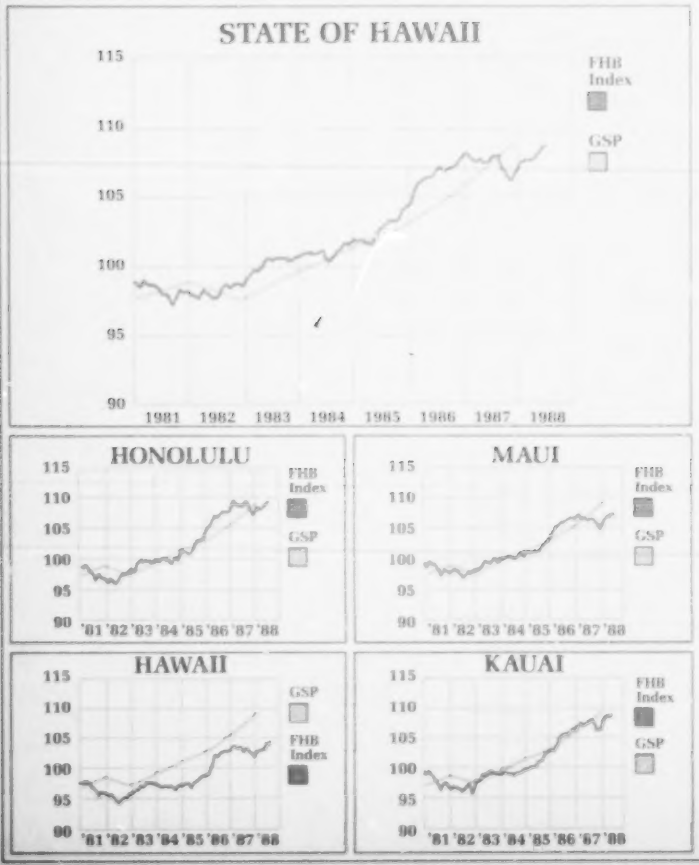

FIRST HAWAIIAN BANK INDEX OF LEADING ECONOMIC INDICATORS

The First Hawaiian Bank Index of Leading Economic Indicators for July increased by 0.2 percent following June's rebound. Of the five base-index components, only average workweek hours increased while the prime rate, Hawaii stock index, the Federal money supply and consumer price index decreased. Visitor counts and credit demand also contributed to the increase, while building permits and public contracts awarded decreased. Unemployment insurance claims remained stable. Of the four county indexes, the Oahu and Kauai County indexes posted increases. The Honolulu index realized gains in average workweek hours, employment, credit demand, and public contracts awarded, but posted declines in building permits and visitor counts. The Maui index experienced gains in building permits and credit demand, but showed decreases in employment, visitor counts, and public contracts awarded. The Big Isle realized a substantial increase in credit demand, but showed marginal decreases in the other categories. For Kauai, only building permits decreased.

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